

For personal use only



BLACKEARTH

Specialising in Critical Commodities

ASX:BEM

ABN 66 610 168 191

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

For personal use only

CONTENTS PAGE

CORPORATE DIRECTORY 1

CHAIRMAN’S LETTER 2

DIRECTORS’ REPORT 3

AUDITORS INDEPENDENCE DECLARATION 24

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME 25**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 26

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 27

CONSOLIDATED STATEMENT OF CASH FLOWS 28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 29

DIRECTORS’ DECLARATION 46

INDEPENDENT AUDITOR’S REPORT 47

ADDITIONAL ASX INFORMATION 53

CORPORATE DIRECTORY

DIRECTORS

Thomas Revy
Managing Director

David Round
Finance Director – appointed 16 November 2020

George Bauk
Non-Executive Director
Chairman -appointed 16 November 2020

Phillip Hearse
Non-Executive Chairman –
resigned 16 November 2020

JOINT COMPANY SECRETARY

David Round – appointed 5 August 2020
Simon Storm – resigned 4 September 2020

REGISTERED OFFICE

Level 3
1138 Hay Street
West Perth WA 6005

T: +61 8 6158 9916
E: info@blackearthminerals.com.au
W: www.blackearthminerals.com.au

AUDITORS

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

SHARE REGISTRY

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000

T: +61 8 9324 2099
F: +61 2 8583 3040

CHAIRMAN'S LETTER

Dear Shareholders

I am pleased to report to you at this exciting period in the development and growth of your Company.

The last 12 months have, pleasingly, seen a more buoyant period of demand for investment in critical minerals, including graphite, as the world better understands and moves toward embracing graphite projects as a major contributor to alternative energy and applications in the future.

The past year has seen our Executive Team explore a number of downstream graphite processing opportunities which has led to several exciting initiatives and agreements. These are significant strategic milestones for your Company as, apart from diversifying our business interests, these opportunities position BlackEarth as not only a future producer of premium graphite concentrate, but also position us as a major contributor to the manufacture and distribution of high value, downstream processed graphite products.

A few of the key achieved milestones include –

1. Our Memorandum of Understanding (“MOU”) with Urbix Resource Inc (USA) potentially provides us with an opportunity to provide graphite concentrate to a group that aspires to be one of the leading US companies to feed the growing battery anode market in the USA
2. The Sales and Marketing agreement with LuxCarbon, Germany provides surety to us that our concentrate will be sold in the growing and lucrative European market. The relationship is also a steppingstone to other, significant opportunities to produce products for LuxCarbon’s Tier One market.
3. Our MOU and proposed Joint Venture to produce Expandable Graphite with Metachem, India – a company with a long history of successful production and supply to Europe and the USA.
4. The binding Offtake agreement with Grafitbergbau, Austria – this agreement provides us with the option to sell all production from our future JV with Metachem and significantly de-risks our investment in this proposed JV.
5. The signing of a binding MOU with the world’s largest refractory group, RHI Magnesita.

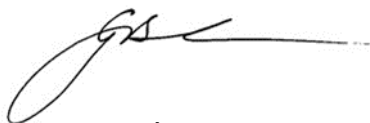
In addition to these strategic milestones, we have undertaken significant, additional exploration at our project sites in Madagascar and subsequent to the year end, published outstanding results from our recent exploration program. We expect further positive results to be achieved over the next few months which ultimately will result in us publishing upgraded resource details.

Throughout the latter half of the financial year, we published several results from our Stage 2 Large Scale Pilot Program which further demonstrated that graphite from our Maniry Project is of an exceptionally high quality and suitable for several applications. The results of our Large Scale Pilot Program, combined with our recent exploration activity, will contribute significantly to the completion of our Definitive Feasibility Study (“DFS”) which we expect to have completed and made available in the first half of 2022.

We are also buoyed by the recent development and expansion of several other graphite projects in Madagascar – a country with a proven history of graphite mining that, we believe, will continue to grow and eventually be one of the leading exporters of graphite concentrate in the world.

We recognise the potential Madagascar offers to the world as a future leading supplier of critical minerals to the future EV and alternative energy markets and our success in Madagascar is founded largely on our ongoing and substantial investment in the development of the people and communities where we operate.

I thank our shareholders for your ongoing support. Your board and management team believe we now have a sound financial and operational platform to grow the Company and deliver positive outcomes that will be sustainable in the long term.



George Bauk
Chairman

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 2020 to 30 June 2021.

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.

Thomas Revy	Managing Director
George Bauk	Non-Executive Director
George Bauk	Non-Executive Chairman (appointed 16 November 2020)
David Round	Finance Director (appointed 16 November 2020)
Phillip Hearse	Non-Executive Chairman (resigned 16 November 2020)

INFORMATION ON DIRECTORS

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 - Nil

George Bauk **Chairman** (appointed as Chairman on 16 November 2020 previously Non Executive Director)

Qualifications

MBA, BBus, GAICD, FCPA

Experience

Mr Bauk is an experienced company director with over 15 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

Executive Director – PVW Resources Limited

Executive Chairman – Valour Resources Limited

David Round **Finance Director** (appointed 16 November 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 acted as CFO and Head of Sales and Marketing for Australian listed graphite and critical minerals producer, Bass Metals Ltd and was instrumental in the Company's acquisition of its assets, and development and growth of their operations over a 5 year period. Mr Round has been involved in a number of Board and Committee roles that have seen the growth and development of resource and mining services companies in Australian and overseas.

Other current directorships in listed entities - Nil

Phillip Hearse **Non-Executive Chairman** (resigned 16 November 2020)

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.

Other current directorships in listed entities - Nil

JOINT COMPANY SECRETARY

David Round (Appointed – 5 August 2020)

Simon Storm (resigned 4 September 2020)

Qualifications

BCom, BCompt (Hons) FGIA, CA

REVIEW OF OPERATIONS

Overview

Over the 2020/21 Financial Year ("Financial Year"), the Company achieved many important milestones which included further, significant exploration and development of its flagship graphite projects in Southern Madagascar as we prepare to launch into plant development over the forthcoming years.

Whilst exploration and mining faced a range of COVID induced challenges in the Financial Year, investor sentiment was largely positive, and this assisted our Company to realise many of its plans for the year.

The expanding demand for critical minerals, especially graphite, provided a basis for significant development in our Company. The world-wide interest and demand for alternative energy sources, including the growth of electric vehicles, helped shine a light on the enormous future demand for graphite and exposed existing flaws in current and future supply change volumes. These factors have helped fuel significant investor and end user interest in our project and this provides confidence to the Company's Board to continue to fast track the development of our potentially world-class graphite project.

All of this has assisted us to implement a range of strategic initiatives that, we believe, will add significant value to our Company in the future.

These Strategic Initiatives and Milestones included: -

1. Our MOU with Urbix Resource Inc (USA) offers us an opportunity to provide graphite concentrate to a group that aspires to be one of the leading US companies to feed the growing battery anode market in the USA and to, potentially, form a JV in the future for the production of downstream processed graphite suitable for the EV industry;
2. The Sales and Marketing agreement with LuxCarbon, Germany provides surety to us that our concentrate will be sold in the growing and lucrative European market. The relationship is also a steppingstone to other, significant opportunities to supply products for LuxCarbon's Tier One market;
3. Our MOU and proposed Joint Venture to produce Expandable Graphite with Metachem, India – a company with a long history of successful production and supply in to Europe and the USA;
4. The binding Offtake agreement with Grafitbergbau, Austria – this agreement provides us with the option to sell all production from our future JV with Metachem and significantly de-risks our investment in this proposed JV;
5. The signing of a binding Memorandum of Understanding ("**MOU**") with the world's largest refractory group, RHI Magnesita ("**RHIM**"), a global producer of refractory materials and products, and a large consumer of natural flake graphite for various refractory products and materials;
6. The completion of a Large Scale Pilot Program to treat approximately 60 tonnes of graphite ore with outstanding results achieved;
7. The commencement of an extensive drilling and exploration program in Madagascar to further strengthen value to our project's technical attributes and economic viability.
8. Our continued development of Environmental, Social and Governance ("**ESG**") initiatives designed to provide social, health and education support for large parts of Southern Madagascar including but not limited to all areas included within our exploration and mining permit areas.
9. Our progress on exploration and activities at our Donnelly River sites in Western Australia

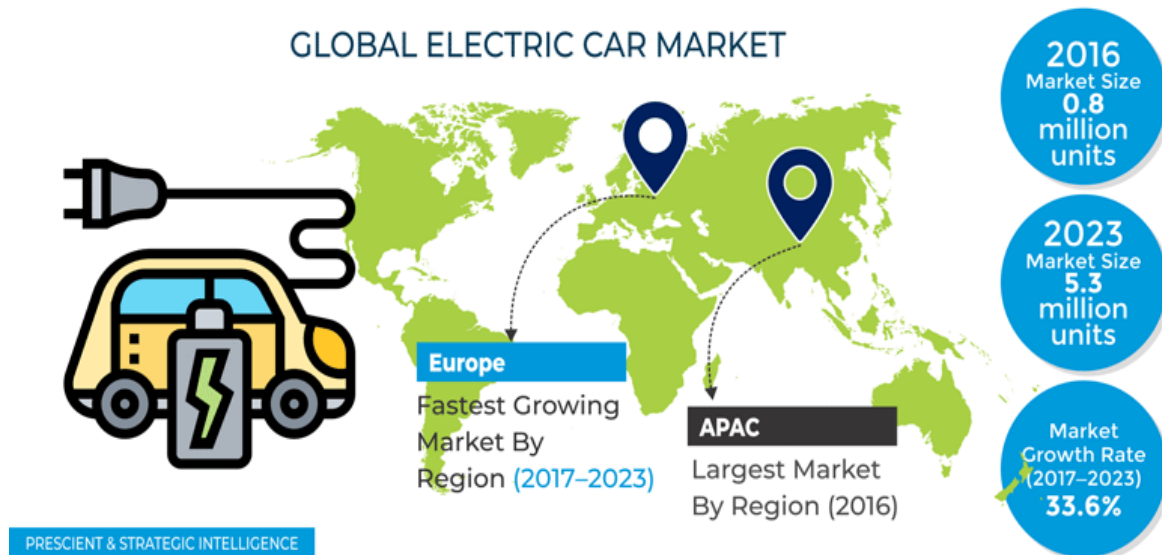
Our MOU with Urbix Resources Inc (USA)

Urbix specializes in advanced energy storage cell designs and materials, including high-voltage electrolyte. Urbix uses proprietary methods for the environmentally conscious purification of various graphite products and their raw materials are the most responsibly produced in the world.

BlackEarth has signed an MOU with Urbix so that Urbix may, in the short term, assess samples of BlackEarth's graphite concentrate for suitability in its production process. Samples are currently being prepared for assessment by Urbix and we expect the results of this testing to indicate the quality of our product and that it is most suitable for use in the of a wide range of downstream uses including the manufacturer of EV's.

BlackEarth aspires to form a JV with Urbix at some stage in the near future whereby it would provide concentrate, from their projects in Madagascar, to the JV for processing and use in the EV and alternative energy markets.

There has also been significant media over the last year on the need for the world to urgently develop electric vehicle ("EV") production in the near future. Various media sources have also highlighted the growing demand for graphite as a key and critical part of the production of EV vehicles and for battery use in many other applications.



Source - <https://www.psmarketresearch.com/market-analysis/electric-car-market>

The Sales and Marketing agreement with LuxCarbon

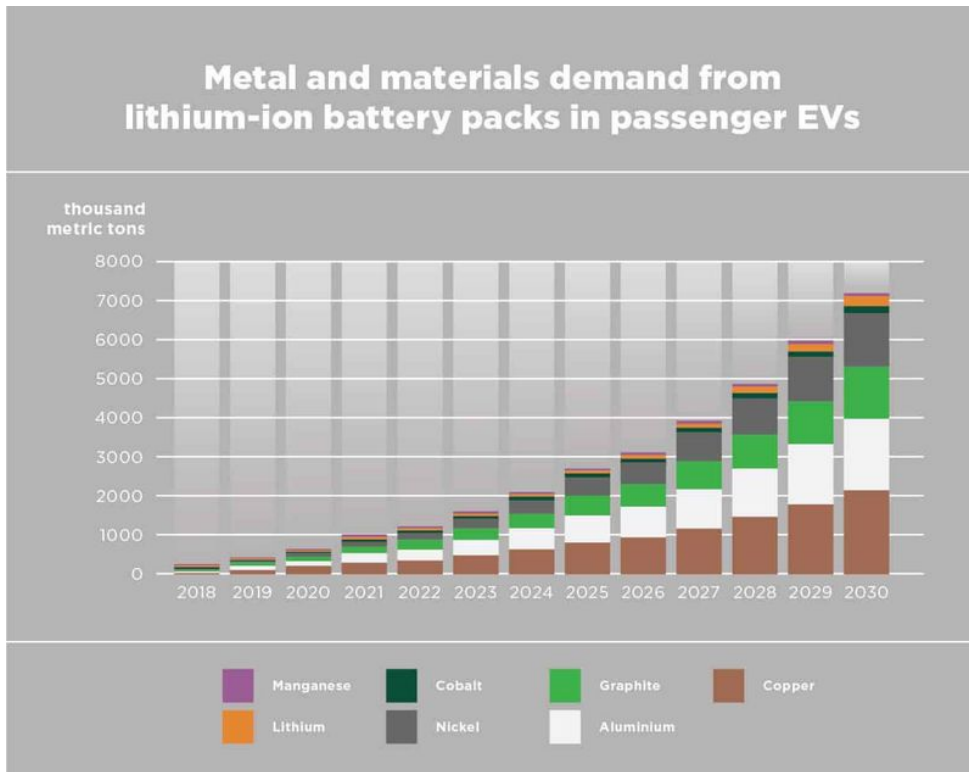
LuxCarbon has operated in Germany for several decades and provides a range of downstream graphite products to a range of Tier 1 clients including Volkswagen, Mercedes and Ford.

Luxcarbon's range of downstream graphite products has expanded and continues to grow in Germany and other parts of Europe. The Company is well positioned to meet the growing demand for their products and this relationship allows us to eventually provide a range of high value products to an established, lucrative supply chain in Europe.

Our relationship with LuxCarbon also ensures we can access specialized products, before our plant in Madagascar is fully operational, that can be utilized to feed our proposed downstream operations in India (see below) and other facilities we may establish in the short term.

The management team at LuxCarbon will also provide technical advisory services to BlackEarth so that we are able to produce specialized products required to meet the demand of the EV and alternative energy markets.

For personal use only

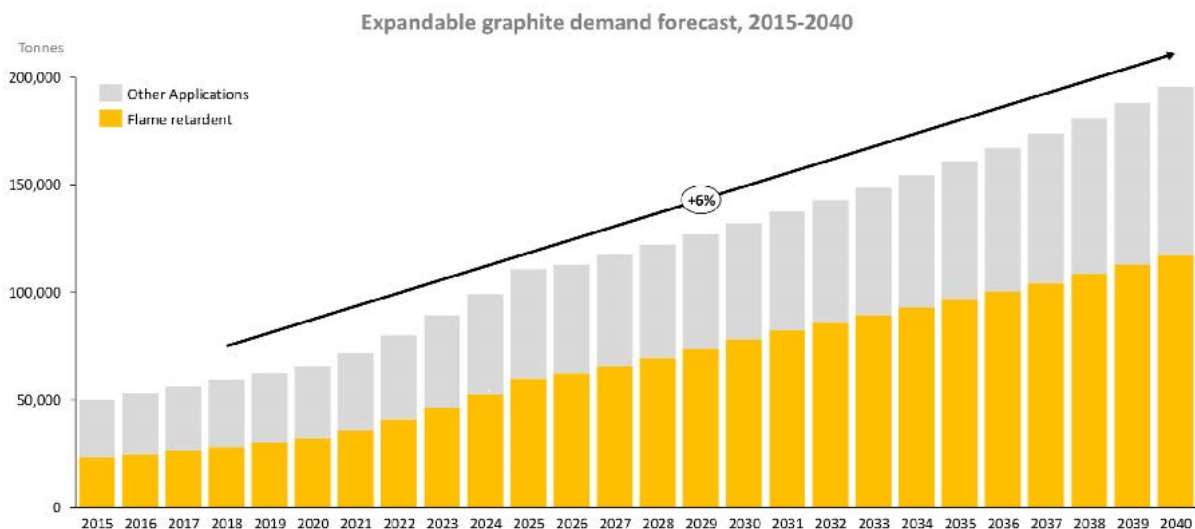


Source - Bloomberg

Our MOU and proposed Joint Venture to produce Expandable Graphite with Metachem, India

In June 2021, our Company signed an MOU with experienced producer of Expandable Graphite, Metachem Manufacturing Company Pvt. Ltd. ("Metachem") to jointly produce Expandable Graphite for supply into the growing European and US markets.

Since the signing of the MOU, Executives of both BlackEarth and Metachem have, together, undertaken an extensive amount of work in formulating a JV agreement, developing a plant design and deciding on a location most suitable for the production of this lucrative and highly sort after product. Demand for Expandable Graphite continues to grow with current and future pricing projections in the range of US\$2,800 - US\$3,500



Fire Retardant use as a portion of Expandable Graphite demand and growth - Source:- Benchmark Mineral Intelligence

For personal use only

Approximately 35% of expandable graphite production is processed into fire retardants. This is the single biggest end market for expandable graphite. The remaining product is processed into flexible graphite which is the precursor to a number of end products such as graphite foils for use in the automotive, EV and alternative energy sectors. Rapid demand growth is also forecast due to the increasing use of high energy density batteries in mobile devices.

Our proposed JV agreement provided for initial production to be 2,000tpa growing to 4,000tpa, with plans to develop other plants in Europe and other strategic locations. We estimate Gross JV Revenue of US\$6.25m initially, growing to over US\$13m upon production ramp up to 4,000t pa

Production sites have been identified and appropriate economic, social and environmental conditions have initially been assessed as highly favourable.

Binding Offtake agreement with Grafitbergbau, Austria

Grafitbergbau uses its developed and enhanced products for fire resistant applications, radiation controls and a variety of other downstream uses and implementation in to the EV and alternative energy markets.

The Company has an extensive share of the supply of Expandable Graphite in to the growing European market and will use product acquired from the proposed BlackEarth/ Metachem JV to make specific application and materials for their vast market and client base.



Grafitbergbau operations in Austria

Our Offtake agreement with Grafitbergbau provides enormous security to our proposed Expandable Graphite operations, with Metachem, in India as we can now commence operations with the knowledge that up to 2,500 tonnes per annum of our initial production will be acquired by Grafitbergbau. Having ‘presold’ our initial production will enable to plan for development and growth of production to meet anticipated future ongoing demand in other parts of Europe, the USA and other buyers world-wide.

Signing of a binding MOU with RHI Magnesita (“RHIM”)

RHIM is a global producer of refractory materials and products, and a large consumer of natural flake graphite for various refractory products and materials. They have been in operations for many decades and have a substantial market presence and reputation for producing a range of high-quality products from graphite concentrate sourced from around the world.

Future production of graphite concentrate from our operations in Madagascar will comprise a portion of super jumbo and jumbo flake, and large, medium and fine flake product.

As part of our strategic plan, we have development relationships and supply chains, with a range of parties, for much of our jumbo, large and fine flake product. Our MOU with RHIM allows us to provide small to medium flake size concentrate to them and this arrangement also enables us to move forward with the knowledge that

most of our concentrate to be produced at our future operations in Madagascar can be supplied to a range of complementary and established supply arrangements.

Our Stage 2 Large Scale Pilot Program

From April to July 2021, our Executive team worked extensively with world-leading graphite production design engineers, BGRIMM of Beijing China and ALS Perth, to run a series of production tests to determine the optimum process design for graphite ore from our Maniry Site in Southern Madagascar.

This program was referred to as our Stage 2 Large Scale Pilot Program and, overall, the results will be used to optimise the Maniry flow sheet, provide final equipment specifications, and the results will also provide significant input into the Project's final Environmental and Social Impact Assessment ("ESIA").

The outcome of this program further validated our graphite concentrate as exhibiting qualities of an exceptionally high standard in a range of technical attributes.



Pilot plant designed and used for the large scale pilot program

Highlights of our successful completion of the Pilot Program included:-

- The program confirmed very high yields and coarse flake production results that are consistent with previous positive results - over 40% of concentrate produced falling within the medium – jumbo flake category and over 30% in the large / jumbo flake category
- Confirmation that Maniry Large Flake Graphite concentrate is highly suitable to feed its proposed Expandable Graphite Production plant with JV Partner, Metachem

For personal use only

- High fixed carbon (“FC”) results averaging 95.87% further demonstrate that Maniry Graphite Concentrate is highly suitable for the production of Lithium-ion batteries and could be used extensively in the production of Electric Vehicles (“EV’s)
- Data produced will allow the Company to establish its production plans with specific data provided to assist with final plant and flow sheet design
- The results will be used to assist in the fast tracking of the Company’s Definitive Feasibility Study (“DFS”) which will include, in the short term, the appointment of preferred globally recognised engineers

The program produced around 4 tonnes of graphite concentrate and this has enabled us to provide samples to leading European based expandable graphite producers / end-users and we are also in the process of preparing samples for several other tier one downstream, global processing companies that are significant suppliers to the rapidly expanding EV and high growth alternate graphite related markets.



Flotation Circuit used at testing facility

A key positive finding of the program was our ability to achieve ore to concentrate recovery of 85.96% with concentrate yields of 6.56%. These achievements, too, are world class and such factors are consistent with low-cost production operations.

All of this was achieved whilst maintaining average FC% results of 95.87% which ranks Graphite produced from Maniry as some of the highest grade, large and jumbo flake product in the World.

Graphite form	Yield %	Fixed Carbon %	Recovery of Fixed Carbon %
Raw Ore	100	7.31	100
Concentrate	6.56	95.87	85.96

Results of the Large Scale Pilot Program

Overall, the Company's Board were delighted with the results of the Pilot Program and apart from confirming that graphite from Maniry can be produced to a world class standard, suitable for many applications, the results will form an important part of the Company's well progressed Definitive Feasibility Study.

Commencement of an extensive drilling and exploration program in Madagascar

In May 2021 the Company announced it had commenced an initial 1,000 metre diamond drill program targeting shallow high-grade graphite in the Razafy Northwest area. This area was identified as a high priority following trench work undertaken during the previous year.

The purpose of the program was to attain a better understanding of graphite geology in the region and also materially add, in the short term, to the Company's already stated total JORC Resource (20.2Mt at 6.51% TGC - refer ASX announcement 27 December 2018)



Diamond drilling at Maniry – Razafy Northwest

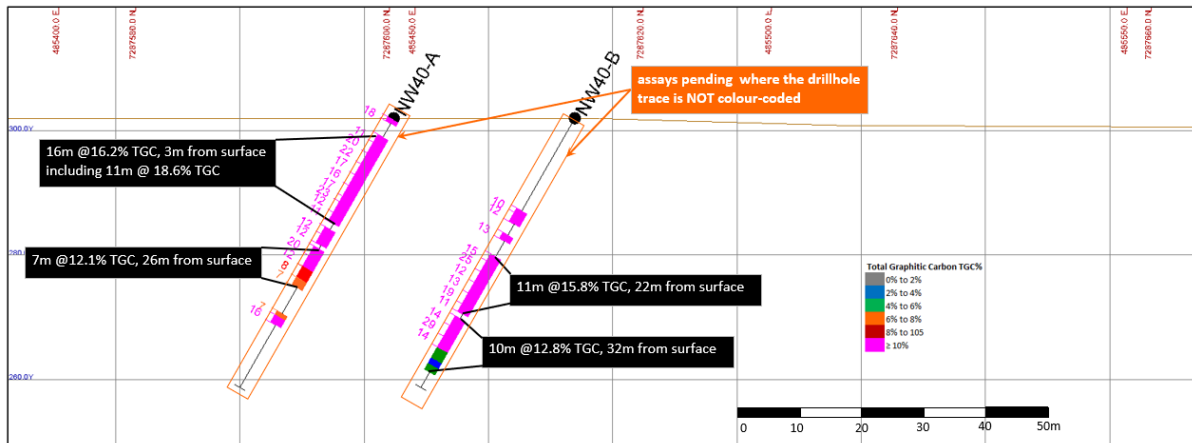
Subsequent to the end of the Financial Year, the Company published confirmation of the discovery of new high grade graphite zones at Razafy NorthWest and the best intersections from the drill program included –

- 29.7m at 17.6% TGC (from 5m)
- 16.1m at 16.2% TGC (from 3m)
- 10.7m at 15.8% TGC (from 22m)
- 5.1m at 18.9% TGC (from 22m)

For personal use only

Other highlights announced in August 2021 included the following -

- The area drilled was open at depth; all 10 holes reported ending within strong graphite mineralisation
- The Razafy Northwest zone remains highly prospective to the north, south, east and at depth and will be subject to further exploration
- A Resource model was being prepared and would be finalised as soon as possible after final results are received.



Cross section based on drill holes NW40-A & NW40-B



Core from (3.8m-7.5m) Drill hole NW40-A

For personal use only



Outcropping graphitic mineralisation at Razafy Northwest

Madagascar as a key supplier to meet massive global demand for Graphite

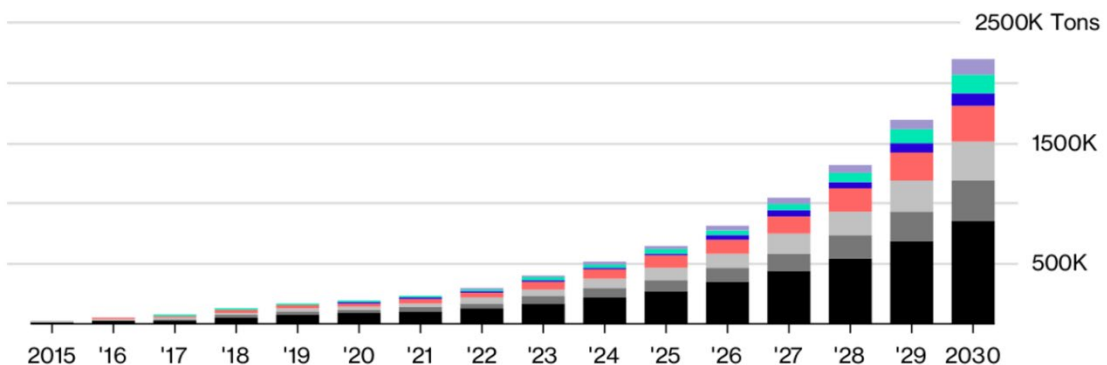
Madagascar achieved the highest growth of graphite exports globally with an increase of almost 50% for the period 2012 – 2019 to achieve 9% of the total worldwide export market. This compares to China’s increase in exports for this period of 4%.

This market share is likely to increase given recent project developments in Madagascar and the ongoing world demand for large and jumbo flake graphite which is largely sourced from Madagascar.

Demand Surge

Global metals and materials demand from EV lithium-ion batteries

■ Graphite ■ Nickel ■ Aluminum ■ Copper ■ Lithium ■ Cobalt ■ Manganese



Source: Bloomberg New Energy Finance

Bloomberg

Projected growth in demand for Graphite

Update on our Environmental, Social and Governance (“ESG”) Vision

Social and Community Activities

Until recently, Southern Madagascar was experiencing the effects of a significant famine which includes those areas around the Maniry Project. Local villagers have sold many of their remaining assets in an endeavour to remain in the area. Others have moved on to townships located to the north where food is more readily available.

In a response to this situation, BlackEarth has recently sent 4 tonnes of food supplies to the area, to assist local villagers. The Company will continue to monitor the situation and is developing plans to provide on-going assistance to those most in need in the area on a continual basis.



*Some of the supplies donated by BlackEarth Minerals to local villages
Source: L'Express de Madagascar: Secteur extractif - Les Operateurs miniers redoublent d'efforts (23 Jan 2021)*

Mentoring and Sponsorship

The Board of BlackEarth continues to assist in the sponsorship of a young, local Malagasy Geologist and over the last few years he has been based in Perth to continue his postgraduate studies as a Geologist with a plan to eventually return to Madagascar and assume a senior role with us on site. Our vision is for this person is to mentor and train many others in Madagascar and become a positive role model for local, young people to develop and grow their professional careers so that they are able to assist in the continued economic and social improvement of the Southern Madagascar region.

The BlackEarth Board will continue to offer traineeships and education opportunities to local Madagascan's both in Australia and Madagascar.

Future Social and Community Development Plans

The Board of BlackEarth is in the process of finalising a comprehensive plan to assist in the development of Southern Madagascar region as this area evolves to become one of the largest graphite development and mining regions in the World.

Our plans include –

- To engage with local community leaders and implement new and improved schools in and around villages that are within our region of operations
- To provide infrastructure support with the construction of water wells to ensure a continual and strong supply of water to the local population
- The construction and development of a community health centre which will employ locally trained medical staff whom will provide medical support to all employs and their families in the Maniry and adjacent regions
- To actively engage and constructively work with the UN, Australian Doctors for Africa and other parties that can contribute resources and knowledge to the region so as to improve the lives of all people residing in the local regions.

The Team at BlackEarth is committed to deliver on our plans to assist with the evolution of the Maniry adjoining regions and we look forward to providing an update to all Stakeholders on that in the future.

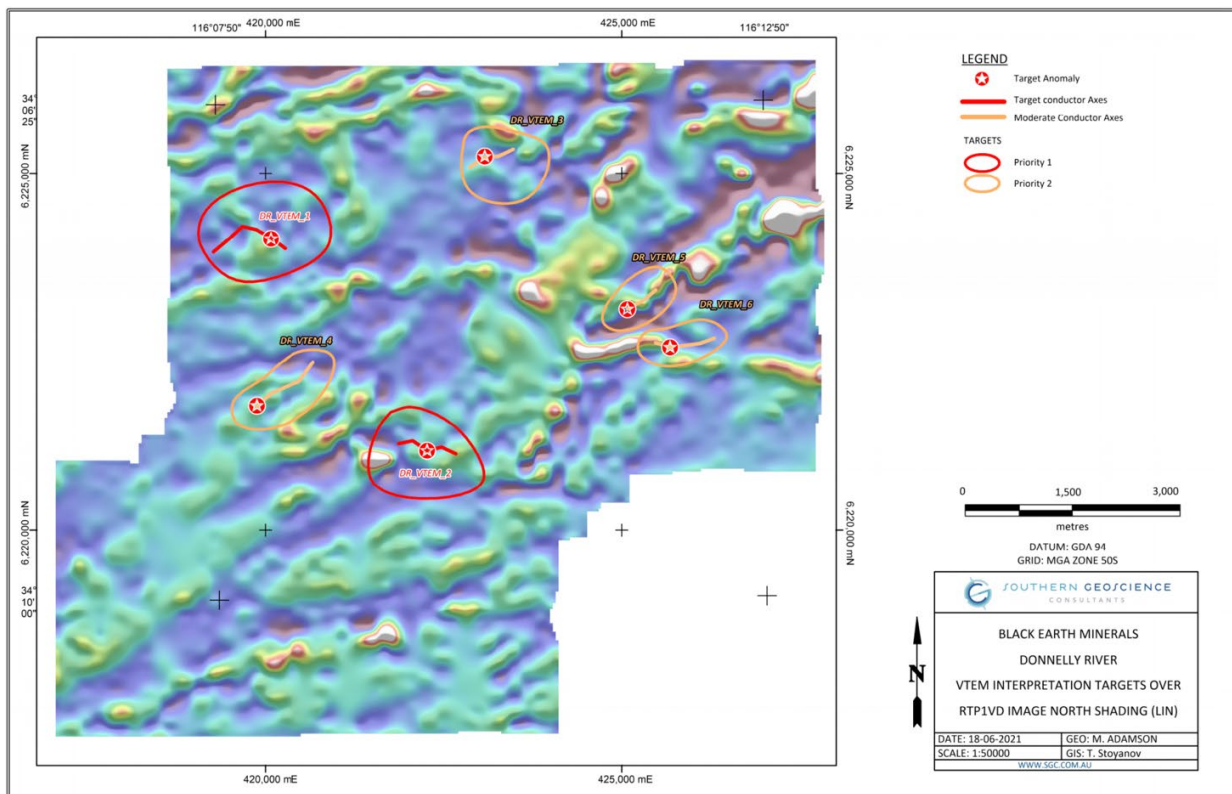
Donnelly River Ni-Cu-PGM Exploration and Development

Throughout 2020/21 we provided regular updates on our exploration activities at our 100% owned Donnelly River Nickel-Copper-Platinum Group Metals (Ni-Cu-PGM) Project located 240km south of Perth, Western Australia. The Donnelly River Project is situated immediately adjoining the Thor and Odin Ni-Cu-PGM Prospects, recently identified by Chalice Gold Mines and Venture Minerals at their South West JV.

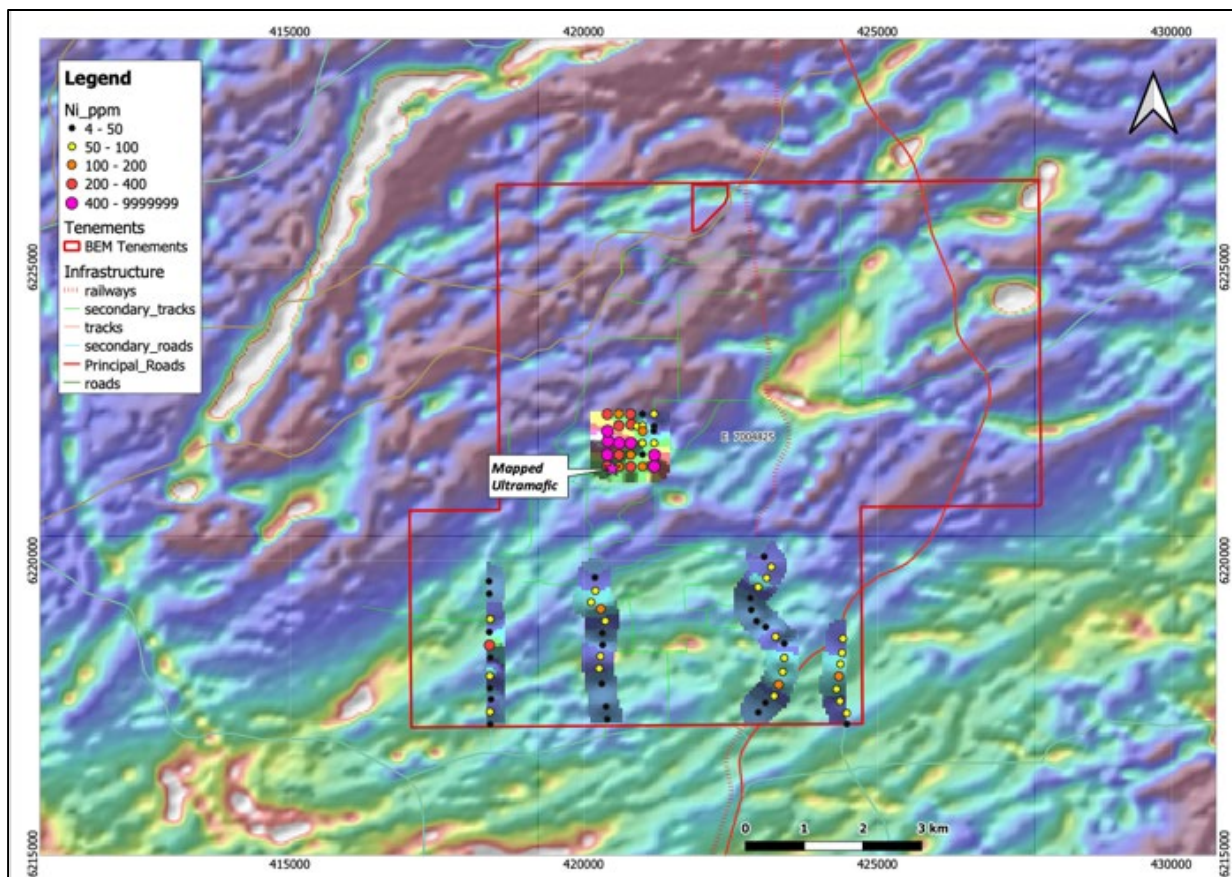
Our ongoing activity culminated in an announcement in June 2021, whereby we announced the results of a geological survey of this area and the highlights of this included –

- The AEM survey identified a number of significant conductors that warrant more detailed assessment and testing. The data management and interpretation of the survey was undertaken by Southern Geoscience Consultants (SGC):
 - Targets 1 and 2 are considered high priority VTEM targets based on their high-amplitude, late-time conductance. Both are coincident with magnetic trends that potentially represent the targeted mafic-ultramafic rock types.
 - Target 4 is of particular interest even though it is only ranked as a moderate VTEM conductor as it is located within the geochemically anomalous, mapped mafic-ultramafic units identified at the Palgorup Prospect.
 - Targets 5 and 6 are moderate VTEM conductors but their proximity to prospective magnetic trends, interpreted as potential mafic-ultramafic units, elevate their priority.
- The results of this survey provided areas of key focus within the broader Donnelly River Project with targets to be assessed in detail and follow-up programs of ground-based exploration to be designed and implemented subject to standard ground access protocols.
- The survey was completed by UTS Geophysics using a VTEM Max Versatile Time Domain Electromagnetic System.

For personal use only



VTEM interpretation Targets (over RTP1VD Magnetic Image)



Summary map of geochemistry over regional airborne magnetic image

The Company believes this project has potential to be developed as a supply of critical minerals in the future and is currently developing a strategy, with a range of stakeholders, to continue exploration activities in order to maximise the project's economic potential.

Competent Person's Statement

The information contained in this report relates to exploration activities and information compiled by Mr Peter Langworthy, a member of The Australasian Institute of Mining and Metallurgy. Mr Peter Langworthy has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves." Mr Langworthy consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Forward Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which BlackEarth operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of the Company's Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by the Company. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

RESULTS OF OPERATIONS

The operating loss after income tax of the Consolidated entity for the period ended 30 June 2021 was \$3,454,620 (2020 : \$2,240,525).

No dividend has been paid during or is recommended for the financial period ended 30 June 2021.

FINANCIAL POSITION

The Consolidated entity's working capital surplus, being current assets less current liabilities was \$6,231,413 at 30 June 2021 (2020 : working capital surplus of \$992,924).

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' REPORT (Continued)

DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the Consolidated entity during the financial year ended 30 June 2021 was:

	Board Meetings	
	Number held and entitled to attend	Number attended
Phillip Hearse	3	3
Thomas Revy	6	6
George Bauk	6	6
David Round	3	3

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.

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 A	28 August 2019	\$0.02	29 August 2022	\$0.08	2,000,000	\$57,193
Unlisted Series B	11 January 2021	\$0.046	30 September 2023	\$0.07	1,000,000	\$18,875
Unlisted Series C	16 February 2021	\$0.175	09 February 2025	\$0.15	4,500,000	\$584,468
					7,500,000	\$660,536

No new options have been issued subsequent to 30 June 2021.

PERFORMANCE RIGHTS

Unlisted performance rights on issue as at 30 June 2021 is as follows:

Rights Series	Issue Date	Number	Fair Value
Series 4	30 November 2018	4,000,000	\$186,044
Series 5	30 November 2018	4,000,000	\$55,835
Series 6	11 January 2021	287,500	\$9,219
Series 7	11 January 2021	1,102,500	\$32,799
Series 8	11 January 2021	2,460,000	\$63,077
Series 9	11 January 2021	2,050,000	\$38,525
Performance Rights Outstanding as at 30 June 2021		13,900,000	\$385,499

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
Series 6	287,500	Company achieves a share price of at least \$0.08
Series 7	1,102,500	Company achieves a share price of at least \$0.10
Series 8	2,460,000	Company achieves a share price of at least \$0.15
Series 9	2,050,000	Company either increases its stated resources by more than 25% volume(compared to the figure as at 17 November 2020, being 202mt) or adds an additional 2mt of resources at an average grade of 8%
	13,900,000	

No new performance rights have been issued subsequent to 30 June 2021.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Consolidated entity has paid \$25,891 in premiums to insure Directors and Officers of the Consolidated entity.

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 2021

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 ⁶	Options	
Phillip Hearsé – Non Executive Chairman¹								
2021	22,500	-	-	-	-	23,381	-	45,881
2020	60,000	-	-	-	-	24,495	(7,707)	76,788
Thomas Revy – Managing Director²								
2021	289,742	60,000	12,754	27,526	-	151,614	-	541,636
2020	250,000	54,750	-	23,750	-	48,989	(7,275)	370,214
George Bauk – Non Executive Chairman³								
2021	63,000	-	-	-	-	60,079	-	123,079
2020	48,000	-	-	-	-	24,495	-	72,495
Simon Storm - CFO & Company Secretary⁴								
2021	7,400	-	-	-	-	-	-	7,400
2020	46,574	-	-	-	-	-	-	46,574
David Round - Finance Director and Company Secretary⁵								
2021	174,520	30,000	1,703	15,995	-	73,397	-	295,615
2020	-	-	-	-	-	-	-	-

¹ Phillip Hearsé appointed Non-Executive Chairman on 13 April 2017 and resigned 16 November 2020.

² Thomas Revy appointed Managing Director on 15 August 2016.

³ George Bauk appointed Non-Executive Director on 15 March 2016 and Non-Executive Chairman on 16 November 2020.

⁴ Simon Storm appointed Company Secretary on 23 March 2019 and resigned 04 September 2020.

⁵ David Round appointed Company Secretary on 05 August 2020 and Finance Director on 16 November 2020.

REMUNERATION REPORT (Audited) (Continued)

⁶ Performance Rights

Grant Date	Vesting Date	Value/Share	Number	
30 November 2018	30 November 2021	\$0.09	4,000,000	
30 November 2018	30 November 2023	\$0.09	4,000,000	
11 January 2021	03 February 2021	\$0.032	1,537,500	Vested and 1,250,000 converted to ordinary shares
11 January 2021	03 February 2021	\$0.029	2,152,500	Vested and 1,050,000 converted to ordinary shares
11 January 2021	10 February 2021	\$0.025	2,460,000	
11 January 2021	31 October 2021	\$0.046	2,050,000	
			16,200,000	

For further detail, refer to note 25.

Performance Rights Issued as Part of Remuneration

During the period ended 30 June 2021, the following share-based payment arrangements were in existence with KMP:

Rights Series	Number Granted	Grant Date	Grant Date Fair Value	Vesting Date	Fair Value
Series 4 Table A	4,000,000	30/11/2018	\$0.09	30/11/2021	\$186,044
Series 5 Table B	4,000,000	30/11/2018	\$0.09	30/11/2023	\$55,834
Series 6 Table C	1,537,500	11/01/2021	\$0.032	03/02/2021	\$49,308
Series 7 Table D	2,152,500	11/01/2021	\$0.029	03/02/2021	\$64,038
Series 8 Table E	2,460,000	11/01/2021	\$0.025	10/02/2021	\$63,077
Series 9 Table F	2,050,000	11/01/2021	\$0.046	31/10/2021	\$38,525
	16,200,000				\$456,826

Table A Series 4 - During the period, the following KMP were entitled to options with a fair value of \$0.05 per unit.

Series 4 Table A	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
P Hearse	1,000,000	861,314	86%	0%
T Revy	2,000,000	1,722,628	86%	0%
G Bauk	1,000,000	861,314	86%	0%
	4,000,000	3,445,256		

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

Series 5 Table B	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
P Hearse	1,000,000	516,977	52%	0%
T Revy	2,000,000	1,033,954	52%	0%
G Bauk	1,000,000	516,977	52%	0%
	4,000,000	2,067,908		

Table C Series 6 - During the period, the following KMP were entitled to options with a fair value of \$0.05 per unit.

Series 6 Table C	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
T Revy	750,000	750,000	100%	0%
D Round	525,000	525,000	100%	0%
G Bauk	262,500	262,500	100%	0%
	1,537,500	1,537,500		

REMUNERATION REPORT (Audited) (Continued)

Table D Series 7 - During the period, the following KMP were entitled to options with a fair value of \$0.05 per unit.

Series 7 Table D	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
T Revy	1,050,000	1,050,000	100%	0%
D Round	735,000	735,000	100%	0%
G Bauk	367,500	367,500	100%	0%
	2,152,500	2,152,500		

Table E Series 8 - During the period, the following KMP were entitled to options with a fair value of \$0.04 per unit.

Series 8 Table E	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
T Revy	1,200,000	1,200,000	100%	0%
D Round	840,000	840,000	100%	0%
G Bauk	420,000	420,000	100%	0%
	2,460,000	2,460,000		

Table F Series 9 - During the period, the following KMP were entitled to options with a fair value of \$0.02 per unit.

Series 9 Table F	Number Granted	Number Vested	% of Grant Vested	% of Grant Forfeited
T Revy	1,000,000	583,618	58%	0%
D Round	700,000	408,532	58%	0%
G Bauk	350,000	204,266	58%	0%
	2,050,000	1,196,416		

Transactions with KMP

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

			Transaction Value	
			2021	2020
			\$	\$
Battery Limits Pty Ltd	Consulting Services	(i)	-	70,174
PVW Resources Ltd	Rental and Administration Services	(ii)	11,000	-

(i) 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.

(ii) PVW Resources Ltd provides rental space and administration to BlackEarth Minerals NL. George Bauk is a Director of PVW Resources 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.

SUBSEQUENT EVENTS

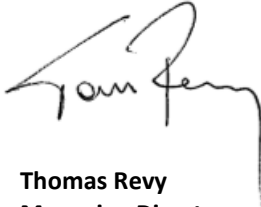
- (a) On 01 July 2021, the Consolidated entity issued 3,250,000 fully paid ordinary shares upon the exercise of previously vested performance rights.
- (b) On 9 July 2021, the Consolidated entity sold 4,433,826 Partly Paid shares at auction. The shares had previously been forfeited due to the non-payment of a 2c Call announced to the market on 07 May 2021 and 03 June 2021.
- (c) On 13 July 2021, the Consolidated entity issued 200,000 fully paid ordinary shares pursuant to a subscription agreement dated 15 April 2021, at an issue price of 13.5 cents and following approval at a General Meeting of shareholders held on 9 July 2021.
- (d) On 13 July 2021, the Consolidated entity issued 30,100 fully paid ordinary shares upon the receipt of balance owing to convert partly paid shares to fully paid ordinary shares.
- (e) On 13 July 2021, following approval at a General Meeting of shareholders held on 9 July 2021, the consolidated entity issued 2,500,000 performance rights pursuant to the Incentive Plan.
- (f) On 13 July 2021, following approval at a General Meeting of shareholders held on 9 July 2021, the Consolidated entity issued 4,000,000 unlisted options to Corporate Advisors pursuant to mandate.
- (g) On 09 August 2021, the consolidated entity issued 900,000 fully paid ordinary shares upon the receipt of balance owing to convert partly paid shares to fully paid ordinary shares.
- (h) On 17 August 2021, the Consolidated entity issued 1,540,640 fully paid ordinary shares upon the receipt of balance owing to convert partly paid shares to fully paid ordinary shares.

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, Hall Chadwick WA Audit 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 24 and forms part of this directors' report for the period ended 30 June 2021.

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



Thomas Revy
Managing Director

13 September 2021

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 2021, 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,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Partner

Dated at Perth this 13th day of September 2021

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
Continuing Operations			
Other Revenue	5 (a)	301,406	518,995
Administration costs		(666,649)	(690,473)
Exploration and evaluation costs written off		(993,508)	(655,119)
Impairment of exploration assets		-	(124,126)
Occupancy costs		(49,773)	(39,076)
Personnel and Consulting Costs		(1,696,058)	(1,028,326)
Share based payments	25	(308,471)	(202,662)
Depreciation and amortisation		(9,455)	(10,664)
Other expenses	5 (b)	(32,112)	(9,074)
Loss before income tax		(3,454,620)	(2,240,525)
Income tax expense	6	-	-
Loss after income tax from continuing operations		(3,454,620)	(2,240,525)
Other comprehensive income, net of income tax		(1,464)	(6,105)
Total comprehensive income for the period		(3,456,084)	(2,246,630)
Basic loss per share (cents per share)	15	2.24	2.05

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

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

		30 June 2021	30 June 2020
	Note	\$	\$
Current Assets			
Cash and cash equivalents	7	6,565,750	1,133,917
Trade and other receivables	8	241,864	239,533
Total Current Assets		<u>6,807,614</u>	<u>1,373,450</u>
Non Current Assets			
Mineral Exploration assets	9	659,646	659,646
Property, plant and equipment	10	24,118	25,084
Total Non Current Assets		<u>683,764</u>	<u>684,730</u>
TOTAL ASSETS		<u>7,491,378</u>	<u>2,058,180</u>
Current Liabilities			
Trade and other payables	11	512,107	347,759
Provisions	12	64,094	32,767
Total Current Liabilities		<u>576,201</u>	<u>380,526</u>
TOTAL LIABILITIES		<u>576,201</u>	<u>380,526</u>
NET ASSETS		<u>6,915,177</u>	<u>1,677,654</u>
Equity			
Issued capital	13	17,371,915	9,461,604
Reserves	14	1,036,528	254,696
Accumulated losses		(11,493,266)	(8,038,646)
TOTAL EQUITY		<u>6,915,177</u>	<u>1,677,654</u>

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

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Year Ended 30 June 2021

	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

	Issued capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2020	9,461,604	262,739	(8,043)	(8,038,646)	1,677,654
Loss for the year	-	-	-	(3,454,620)	(3,454,620)
Other comprehensive income for the period, net of income tax	-	-	(1,464)	-	(1,464)
Total comprehensive loss for the year	-	-	(1,464)	(3,454,620)	(3,456,084)
Issue of shares	8,163,227	-	-	-	8,163,227
Capital raising costs	(381,435)	-	-	-	(381,435)
Issue of options	-	818,292	-	-	818,292
Amortisation of options and Performance Rights	-	93,523	-	-	93,523
Exercise of Performance Rights	128,519	(128,519)	-	-	-
Balance at 30 June 2021	17,371,915	1,046,035	(9,507)	(11,493,266)	6,915,177

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Cash Flows from Operating Activities			
Receipts from customers		77,215	282,931
Payments to suppliers and employees		(1,545,654)	(1,723,845)
Payments for exploration and evaluation		(1,004,220)	(654,878)
Proceeds from R&D tax rebate		116,775	224,813
Proceeds from cashflow boost		56,954	39,512
Interest received		2,398	19,017
Net cash used in operating activities	16	<u>(2,296,532)</u>	<u>(1,812,450)</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		<u>(8,489)</u>	<u>(16,569)</u>
Net cash used in investing activities		<u>(8,489)</u>	<u>(16,569)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		8,143,810	1,680,964
Payment for capital raising costs		<u>(403,387)</u>	<u>(103,380)</u>
Net cash generated by financing activities		<u>7,740,424</u>	<u>1,577,584</u>
Net increase in cash held		5,435,402	(251,435)
Cash and cash equivalents at the beginning of the period		1,133,917	1,363,126
Effect of exchange rates on cash balances		<u>(3,569)</u>	<u>22,226</u>
Cash and cash equivalents at the end of the period	7	<u><u>6,565,750</u></u>	<u><u>1,133,917</u></u>

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 2021

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 2021 were approved and authorised for issue by the Board of Directors on 13 September 2021.

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 2021, the Consolidated entity had cash assets of \$6,565,750 (2020: \$1,133,917) and working capital surplus of \$6,231,413 (2020: \$992,924).

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 \$6,231,413 at period end (30 June 2020: \$992,924)
- 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; and
- The Company has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, deal with its interests in mineral exploration assets.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021 (continued)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Financial Instruments*

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument 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 an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021 (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021 (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021 (continued)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2021 (continued)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) 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	
			2021	2020
			\$	\$
Battery Limits Pty Ltd	Consulting Services	(i)	-	70,174
PVW Resources Ltd	Rental and Administration Services	(ii)	11,000	-

- (i) 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.
- (ii) PVW Resources Ltd provides rental space and administration to BlackEarth Minerals NL. George Bauk is a Director of PVW Resources 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

	2021	2020
	\$	\$
Audit of the financial statements (Hall Chadwick WA Audit Pty Ltd)	26,391	23,448
	<u>26,391</u>	<u>23,448</u>

The auditor of BlackEarth Minerals NL is Hall Chadwick WA Audit Pty Ltd.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

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 (resigned 16 November 2020)
Thomas Revy	Managing Director
George Bauk	Non-Executive Chairman
Simon Storm	Company Secretary (resigned 04 September 2020)
David Round	Company Secretary and Finance Director

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:

	2021	2020
	\$	\$
Short-term benefits	661,619	459,324
Share based payments	308,471	82,997
Post-employment benefits	43,521	23,750
	<u>1,013,611</u>	<u>566,071</u>

5. LOSS FROM ORDINARY ACTIVITIES

	2021	2020
	\$	\$
(a) Other revenue		
Interest received	1,242	12,192
Recovery of expenses	39,802	47,417
Royalties	86,633	87,739
R&D rebate	116,775	224,813
Sale of mining permit	-	60,764
PAYG cashflow boost	56,954	39,512
Provision for non-recoverability of VAT & Other debtors	-	32,978
Foreign exchange differences	-	13,580
Total other revenue from ordinary activities	<u>301,406</u>	<u>518,995</u>
(b) Other expense		
Fines, penalties and donations	5,428	7,654
Provision for non-recoverability of VAT & Other debtors	22,697	1,420
Foreign exchange differences	3,987	-
Total other expense from ordinary activities	<u>32,112</u>	<u>9,074</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

6. INCOME TAX EXPENSE	2021	2020
	\$	\$
Current Tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>

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

Loss before tax	(3,454,620)	(2,240,525)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 26% (2020:27.5%)	<hr/>	<hr/>
	(898,201)	(616,144)
<i>Add/(Less) tax effect of:</i>		
Non-deductible expenses	152,132	92,508
Interest accrual and other proceed	(30,619)	(36,070)
Deferred tax asset not brought to account	776,688	559,706
Income tax attributable to entity	<hr/>	<hr/>
	-	-

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 \$2,152,310 (2020: \$1,375,622) 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	2021	2020
	\$	\$
Cash at bank	6,565,750	1,133,917
	<hr/>	<hr/>
	6,565,750	1,133,917

8. TRADE AND OTHER RECEIVABLES	2021	2020
	\$	\$
GST Receivable	36,460	9,168
Other Debtors	205,404	230,365
	<hr/>	<hr/>
	241,864	239,533

9. CAPITALISED EXPLORATION EXPENDITURE	2021	2020
	\$	\$
Opening Balance	659,646	783,772
Impairments:		
WA tenements	-	(124,126)
Closing Balance	<hr/>	<hr/>
	659,646	659,646

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

10. PROPERTY, PLANT AND EQUIPMENT

2021

IT and Other Equipment	Australia	Madagascar	Total
Balance at 1 July 2020	11,145	13,939	25,084
Additions	-	8,490	8,490
Depreciation	(4,446)	(5,010)	(9,456)
Balance at 30 June 2021	6,699	17,419	24,118

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

11. TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade payables	512,107	347,759
	512,107	347,759

12. PROVISIONS

	2021 \$	2020 \$
Employees annual leave provision	64,094	32,767
	64,094	32,767

13. ISSUED CAPITAL

	30 June 2021		30 June 2020	
	Number	\$	Number	\$
Fully paid Ordinary Shares				
Opening Balance	113,655,521	9,458,790	83,639,453	7,701,206
Issue of shares(i)	36,213,880	1,810,693	-	-
Issue of shares(ii)	545,082	19,417	-	-
Issue of shares(iii)	2,000,000	217,193	-	-
Issue of shares (iv)	36,134,220	4,878,120	-	-
Issue of shares (v)	20,625,824	1,237,549	-	-
Issue of shares (vi)	2,300,000	71,326	-	-
Issue of shares	-	-	28,016,068	1,680,964
Issue of shares	-	-	2,000,000	180,000
Transaction Costs	-	(381,435)	-	(103,380)
Closing Balance	211,474,527	17,311,653	113,655,521	9,458,790

- (i) 09 October 2020 and 12 November 2020, 28,413,880 and 7800,000 shares issued pursuant to share purchase plan to raising funds for continued exploration on the Company's exploration assets in Madagascar.
- (ii) 27 October 2020, 545,082 shares issued to key management personnel.
- (iii) 11 February 2021, 2,000,000 shares issued upon the exercise of options.
- (iv) 20 April 2021, 36,134,220 shares issued pursuant to placement to raise funds for continued exploration on the Company's exploration assets in Madagascar and working capital.
- (v) During the year 20,625,824 partly paid shares were fully paid up.
- (vi) 18 May 2021, 2,300,000 shares issued upon the exercise of performance rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

13. ISSUED CAPITAL (continued)

	30 June 2021		30 June 2020	
	Number	\$	Number	\$
Partly-paid contribution shares – 25c				
Opening Balance	28,142,750	2,814	28,142,750	2,814
Conversion to fully paid ordinary shares(i)	(20,625,824)	(2,062)	-	-
Proceeds from partly paid share call(ii)	-	59,510		
Closing Balance	<u>7,516,926</u>	<u>60,262</u>	<u>28,142,750</u>	<u>2,814</u>

(i) During the year 20,625,824 partly paid shares were fully paid up.

(ii) On 06 May 2021, the Company did a two cent call on the partly paid shares raising \$59,510.

14. RESERVES

	2021	2020
	\$	\$
Options	660,536 ^a	114,385
Performance Rights	385,499	148,354
Foreign Currency Translation Reserve	(9,507)	(8,043)
	<u>1,036,528</u>	<u>254,696</u>

^a The company issued a further 1,000,000 unlisted options to MacMillan Capital Pty Ltd and 4,500,000 to Luxcarbon GmbH as consideration for services rendered. Refer to note 25 for further detail. There has been no other movement in share options during the period.

15. LOSS PER SHARE

	2021	2020
	\$	\$
Loss used in calculation of basic EPS	(3,454,620)	(2,240,525)
	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	154,142,454	109,035,401

16. CASH FLOW INFORMATION

	2021	2020
	\$	\$
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(3,454,620)	(2,240,525)
Adjustments for non-cash income and expense items:		
Options & performance rights fair value amortisation	327,888	88,277
Options issued for payment of services	603,343	114,385
Depreciation	9,455	10,664
Foreign currency adjustments	2,104	(28,330)
Impairment of exploration assets		124,127
Changes in assets and liabilities:		
(Increase)/decrease in receivables	19,623	17,058
(Decrease)/increase in accounts payable and accruals	164,348	93,314
(Decrease)/increase in provision	31,327	8,580
Net cash outflows from Operating Activities	<u>(2,296,532)</u>	<u>(1,812,450)</u>

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2021 (continued)

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 2021 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 2021

	Australia	Madagascar	Total
	\$	\$	\$
Revenue	-	86,633	86,633
Loss	(762,072)	(231,436)	(993,508)
Total segment loss	(762,072)	(144,803)	(906,875)

	Total
	\$
Reconciliation of segment result to Consolidated entity net loss	\$
i) Unallocated items	
- Other revenue	214,773
- Other	(2,762,518)
Loss from continuing operations	(3,454,620)

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

18. OPERATING SEGMENTS (continued)

(ii)	Segment Assets			
	30 June 2021	Australia	Madagascar	Total
		\$	\$	\$
	Segment Assets	82,751	576,895	659,646
	Unallocated assets:			
	- Cash and cash equivalents			6,565,750
	- Other Assets			265,982
	Total Consolidated Entity Assets			7,491,378
	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
(iii)	Segment Liabilities			
	30 June 2021	Australia	Madagascar	Total
		\$	\$	\$
	Segment Liabilities	-	-	-
	Unallocated Liabilities:			
	- Trade and other payables			576,201
	Total Consolidated Entity Liabilities			576,201
	30 June 2020	Australia	Madagascar	Total
		\$	\$	\$
	Segment Liabilities	-	-	-
	Unallocated Liabilities:			
	- Trade and other payables			380,526
	Total Consolidated Entity Liabilities			380,526

19. SUBSEQUENT EVENTS

- (a) On 01 July 2021, the Consolidated entity issued 3,250,000 fully paid ordinary shares upon the exercise of previously vested performance rights.
- (b) On 9 July 2021, the Consolidated entity sold 4,433,826 Partly Paid shares at auction. The shares had previously been forfeited due to the non-payment of a 2c Call announced to the market on 07 May 2021 and 03 June 2021.
- (c) On 13 July 2021, the Consolidated entity issued 200,000 fully paid ordinary shares pursuant to a subscription agreement dated 15 April 2021, at an issue price of 13.5 cents and following approval at a General Meeting of shareholders held on 9 July 2021.
- (d) On 13 July 2021, the Consolidated entity issued 30,100 fully paid ordinary shares upon the receipt of balance owing to convert partly paid shares to fully paid ordinary shares.
- (e) On 13 July 2021, following approval at a General Meeting of shareholders held on 9 July 2021, the consolidated entity issued 2,500,000 performance rights pursuant to the Incentive Plan.
- (f) On 13 July 2021, following approval at a General Meeting of shareholders held on 9 July 2021, the Consolidated entity issued 4,000,000 unlisted options to Corporate Advisors pursuant to mandate.
- (g) On 09 August 2021, the consolidated entity issued 900,000 fully paid ordinary shares upon the receipt of balance owing to convert partly paid shares to fully paid ordinary shares.
- (h) On 17 August 2021, the Consolidated entity issued 1,540,640 fully paid ordinary shares upon the receipt of balance owing to convert partly paid shares to fully paid ordinary shares.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2021 (continued)

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). 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:

	2021	2020
	\$	\$
Within 12 months	72,000	72,000
12 Months or longer and not longer than 5 years	72,000	72,000
Longer than 5 years	-	-
Total	144,000	144,000

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 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

22. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	6,565,750	1,133,917
Trade and other receivables (non-interest bearing)	241,864	239,533
	<u>6,807,614</u>	<u>1,373,450</u>
Financial liabilities		
Trade and other payables (non-interest bearing)	576,201	380,526
	<u>576,201</u>	<u>380,526</u>
Net financial assets/(liabilities)	<u>6,231,413</u>	<u>992,924</u>

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 2021 would decrease/increase by \$65,658 (2020: \$11,339).

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

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.

	2021	2020
	MGA	MGA
Financial assets		
Cash and cash equivalents	40,127,137	479,925,145
Trade and other receivables (non-interest bearing)	481,000,800	509,961,519
	<u>521,127,937</u>	<u>989,886,664</u>
Financial liabilities		
Trade and other payables (non-interest bearing)	735,585,546	584,340,583
	<u>735,585,546</u>	<u>584,340,583</u>
Net financial assets/(liabilities)	<u>(214,457,609)</u>	<u>405,546,081</u>

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			Total contractual cash flows
	Less than 6 months	6-12 months	1-5 years	
	\$	\$	\$	\$
2021				
Financial Assets				
Cash and cash equivalent	6,565,750	-	-	6,565,750
Trade and other receivables	169,305	72,559	-	241,864
	<u>6,735,055</u>	<u>72,559</u>	<u>-</u>	<u>6,807,614</u>
Financial Liabilities				
Trade and other payables	345,721	230,480	-	576,201
	<u>345,721</u>	<u>230,480</u>	<u>-</u>	<u>576,201</u>

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

22. FINANCIAL INSTRUMENTS (continued)

	Contractual cash flows			Total contractual cash flows
	Less than 6 months	6-12 months	1-5 years	
	\$	\$	\$	\$
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

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	Percentage Interest Held
		2021	2020
BlackEarth Australia Pty Ltd	Australia	100%	100%
Madagascar Graphite Ltd	Mauritius	100%	100%
BlackEarth Minerals Madagascar	Madagascar	100%	100%

24. PARENT ENTITY INFORMATION

	Parent 2021	Parent 2020
	\$	\$
Assets		
Current assets	6,623,321	997,653
Non-current assets	608,444	561,146
Total Assets	7,231,765	1,558,799
Liabilities		
Current liabilities	316,588	158,688
Total Liabilities	316,588	158,688
Equity		
Issued capital	17,371,915	9,461,604
Reserves	1,046,036	262,740
Accumulated losses	(11,502,774)	(5,148,068)
Total Equity	6,915,177	4,576,276
Loss for the period	(6,354,706)	(1,854,127)
Other comprehensive income		
Total comprehensive loss for the period	(6,354,706)	(1,854,127)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2021 (continued)

25. SHARE BASED PAYMENTS

OPTIONS

Option Series	Grant Date	Grant Date Fair Value	Expiry Date	Exercise Price	Vesting Date
Unlisted Series A	28/08/2019	\$0.02	29/08/2022	\$0.08	29/08/2022
Unlisted Series B	11/01/2021	\$0.046	30/09/2023	\$0.07	30/09/2023
Unlisted Series C	16/02/2021	\$0.175	09/02/2025	\$0.15	09/02/2025

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 \$0.09. 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 A	Series B	Series C
Grant date share price	\$0.07	\$0.05	\$0.18
Exercise price	\$0.08	\$0.07	\$0.15
Expected volatility	67.28%	84.50%	107.70%
Option life	3 years	3 years	4 years
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	0.71%	0.09%	0.45%

PERFORMANCE RIGHTS

Rights Series	Number Granted	Grant Date	Grant Date Fair Value	Vesting Date	Number Converted	Balance at 30/06/2021	Fair Value at 30/06/2021
Series 4	4,000,000	30/11/2018	\$0.09	30/11/2021	-	4,000,000	\$186,044
Series 5	4,000,000	30/11/2018	\$0.09	30/11/2023	-	4,000,000	\$55,835
Series 6	1,537,500	11/01/2021	\$0.03	03/02/2021	1,250,000	287,500	\$9,219
Series 7	2,152,500	11/01/2021	\$0.03	03/02/2021	1,050,000	1,102,500	\$32,799
Series 8	2,460,000	11/01/2021	\$0.03	10/02/2021	-	2,460,000	\$63,077
Series 9	2,050,000	11/01/2021	\$0.05	31/10/2021	-	2,050,000	\$38,525
	16,200,000				2,300,000	13,900,000	\$385,499

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
Series 6	1,537,500	Company achieves a share price of at least \$0.08
Series 7	2,152,500	Company achieves a share price of at least \$0.10
Series 8	2,460,000	Company achieves a share price of at least \$0.15
Series 9	2,050,000	Company either increases its stated resources by more than 25% volume (compared to the figure as at 17 November 2020, being 202mt) or adds an additional 2mt of resources at an average grade of 8%
	16,200,000	

Series 1 and 2 related to options which expired unexercised 22 June 2019 and 22 June 2020. Series 3 hurdle was met and converted to ordinary shares on 5 July 2020.

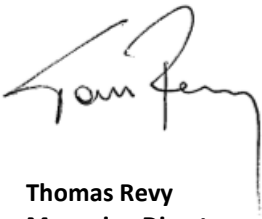
No new performance rights have been issued subsequent to 30 June 2021.

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 2021 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 13th day of September 2021

For personal use only

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK EARTH 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 2021, 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 2021 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.

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.

For personal use only

For personal use only

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Exploration and Evaluation Expenditure – \$659,646</p> <p>(Refer to Note 9)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"> • 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 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. • The assessment of impairment of exploration and evaluation expenditure being inherently difficult. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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 • 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. <p>We assessed the appropriateness of the related disclosures in Note 9 to the financial statements.</p>

For personal use only

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Share Based Payments - \$911,815 (Refer to Note 25)</p> <p>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.</p> <p>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.</p> <p>These are subject to the measurement and recognition criteria of AASB 2 <i>“Share-based payments”</i>.</p> <p>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.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> • 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 2021 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.

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 2021. 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 2021, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Partner

Dated at Perth this 13th day of September 2021

For personal use only

ADDITIONAL ASX INFORMATION

1. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be found at <https://www.blackearthminerals.com.au/corporate-governance/>

2. SUBSTANTIAL SHAREHOLDERS

<u>Holder Name</u>	<u>Number Held</u>	<u>% Held</u>
Lithium Australia NL	13,106,571	6.03%

3. ISSUED CAPITAL

The issued capital of the company as at 02 September 2021 consists of :

<u>Quoted/Unquoted</u>	<u>Class</u>	<u>Number of Units</u>	<u>Number of Holders</u>
Quoted	Fully Paid Ordinary Shares	217,339,267	2,331
Unquoted	Partly Paid Shares	5,042,186	25
Unquoted	Partly Paid Shares Forfeited	4,433,826	224
Unquoted	\$0.08 Options	2,000,000	2
Unquoted	\$0.07 Options	1,000,000	1
Unquoted	\$0.15 Options	4,500,000	2
Unquoted	\$0.175 Options	4,000,000	1
Unquoted	Performance Rights	8,000,000	3
Unquoted	Performance Rights	600,000	1
Unquoted	Performance Rights	2,050,000	3
Unquoted	Performance Rights	1,000,000	1
Unquoted	Performance Rights	1,500,000	1

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 02 September 2021 are as follows:

<u>Number of Holders</u>	<u>Number of units</u>
175	336,373

6. DISTRIBUTION OF SHAREHOLDERS

The distribution of shareholders as at 02 September 2021 are as follows:

<u>Distribution of equity securities</u>	<u>Fully Paid Ordinary Shares</u>	<u>Partly Paid Ordinary Shares</u>
0-1,000	48	-
1,001 - 5,000	388	1
5,001 – 10,000	366	-
10,001 - 100,000	1,172	16
100,001 and over	357	8
TOTALS	2,331	25

7. 20 LARGEST SHAREHOLDERS

The names of the 20 largest holders of ordinary shares as at 02 September 2021 are as follows:

Position	Holder Name	Holding	% Held
1	LITHIUM AUSTRALIA NL	13,106,571	6.03%
2	BNP PARIBAS NOMINEES PTY LTD CIBC WORLD MARKETS INC <DRP>	10,563,900	4.86%
3	MR TOM REVY	6,810,779	3.13%
4	MR LISHENG WANG	4,514,975	2.08%
5	DR JOSEPH RABAR	3,977,500	1.83%
6	MR GEORGE BAUK	2,830,341	1.30%
7	MS JOHANNA FAESSEN	2,800,000	1.29%
8	PULA HOLDINGS PTY LTD <HERATH SUPER FUND A/C>	2,488,888	1.14%
9	JHY INVESTMENTS PTY LTD	2,433,245	1.12%
10	TALIESIN PTY LTD <THE TALIESIN A/C>	2,200,000	1.01%
11	MR ADRIAN CHRISTOPHER GRIFFIN MS JOSEPHINE NORMAN <GLOBAL SUPER FUND A/C>	2,171,583	1.00%
11	CAPRICORN METALS LTD	2,171,583	1.00%
12	MR ADRIAN CHRISTOPHER GRIFFIN AND MS JOSEPHINE DAWN NORMAN	2,000,000	0.92%
13	MR RAYMOND TANTI	1,800,000	0.83%
14	TENBAGGA RESOURCES FUND PTY LTD <TENBAGGA FAMILY A/C>	1,785,000	0.82%
15	CITICORP NOMINEES PTY LIMITED	1,784,532	0.82%
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,709,986	0.79%
17	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	1,650,000	0.76%
18	MS MICHELLE MAIWAND NUGENT	1,615,432	0.74%
19	MR ROBERT PETER VAN DER LAAN	1,603,220	0.74%
20	MR NORMAN CIPRIANO	1,583,334	0.73%
	Total	71,600,869	32.94%

8. COMPANY SECRETARY

The Company Secretary is David Round.

9. REGISTERED OFFICE AND PRINCIPLE ADMINISTRATIVE OFFICE

Level 3, 1138 Hay Street, West Perth, WA, 6005. Telephone number: 08 6158 9916

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:

<u>Class</u>	<u>Holder</u>	<u>Number of units</u>	<u>% Held</u>
Partly Paid Shares	Thomas & Valeria Revy	2,000,000	39.67%
\$0.08 Options	Beau Talbot	1,000,000	50%
\$0.08 Options	Kenneth Andrew Macmillan	1,000,000	50%
\$0.08 Options	Macmillan Capital Pty Ltd	1,000,000	100%
\$0.15 Options	Luxcarbon Rohstoff	2,250,000	50%
\$0.15 Options	Dominik George Luh Technogرافit GMBH	2,250,000	50%
\$0.175 Options	Argonaut Securities Pty Ltd	4,000,000	100%

12. USE OF FUNDS

The entity used the cash and assets from 01 July 2020 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.

13. SCHEDULE OF MINERAL TENEMENTS

Location	Project	Tenement ID	Status	Anniversary Date	Holder/Applicant
Madagascar	Maniry	PE5394	Granted	19/11/42	BlackEarth Minerals Madagascar SARL
	Maniry	PR39750	Granted	20/9/18	BlackEarth Minerals Madagascar SARL
	Maniry	PR39751	Granted	20/9/18	BlackEarth Minerals Madagascar SARL
	Maniry	PR3432	Granted	20/9/18	BlackEarth Minerals Madagascar SARL
	Maniry	PR25605	Granted	18/6/11	BlackEarth Minerals Madagascar SARL
	Maniry	PR25606	Granted	18/6/11	BlackEarth Minerals Madagascar SARL
	Maniry	PR19932	Granted	10/03/06	BlackEarth Minerals Madagascar SARL
	Ianapera	PE5391	Granted	19/11/42	BlackEarth Minerals Madagascar SARL
	Ianapera	PE5392	Granted	19/11/42	BlackEarth Minerals Madagascar SARL
	Ianapera	PE5393	Granted	19/11/42	BlackEarth Minerals Madagascar SARL
	Ianapera	PE25093	Granted	17/1/47	BlackEarth Minerals Madagascar SARL
	Ianapera	PE25094	Granted	17/1/47	BlackEarth Minerals Madagascar SARL
	Ianapera	PE25095	Granted	18/01/2007	BlackEarth Minerals Madagascar SARL
WA	Donnelly R	E70/4824	Granted	21/9/18	BEM Pty Ltd
	Donnelly R	E70/4825	Granted	7/11/18	BEM Pty Ltd