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Interim Financial Report

For the Half Year ended 31 December 2021



Balkan

Mining and Minerals Limited

BALKANMIN.COM

ABN 67 646 716 A681

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Corporate Directory

Directors

Mr Sean Murray

Non-Executive Chairman

Mr Ross Cotton

Managing Director

Mr Luke Martino

Non-Executive Director

Mr Milos Bosnjakovic

Non-Executive Director

Company Secretary

Mr Harry Spindler

Bankers

Commonwealth Bank of Australia

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PERTH WA 6000

Auditor

PKF Perth

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WEST PERTH WA 6005

Securities Exchange Listing

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ASX Code - BMM

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DIRECTORS' REPORT

The Directors' present their report together with the financial report of Balkan Mining & Minerals Limited (**BMM, Balkan** or the **Company**) (ASX: BMM) and its controlled entities (the **Group, or Consolidated Entity**) for the half year ended 31 December 2021.

Directors

The names and the particulars of the Directors who held office during and up to the date of this report are disclosed below.

Sean Murray	(Non-Executive Chairman; appointed 12 July 2021)
Ross Cotton	(Executive Director; appointed 18 December 2020)
Luke Martino	(Non-Executive Director) appointed 18 December 2020)
Milos Bosnjakovic	(Non-Executive Director; appointed 12 July 2021)
Adrian Paul	(Non-Executive Director; resigned 12 July 2021)

Principal activities

BMM is a mineral exploration company which is presently focused on the exploration of EV metals such as lithium and borates in the Balkans region of Serbia.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group which have not been disclosed elsewhere in this report.

Review of Operations

Balkan Mining and Minerals Limited (**BMM, the Company**) is an ASX listed company focused on the early-stage exploration through to development of borate and associated lithium in the Balkans. The Company's Projects comprise the Rekovac, Dobrinja and Pranjani Lithium-Borate Projects which are located within the Republic of Serbia and cover three Neogene aged sedimentary basins in the north-west trending portion of the Vadar Zone.

The Vardar Zone forms part of the Vardar-Izmir-Ankara Suture which stretches from Iran to Bosnia and host to numerous borate deposits of which a number are mined in Turkey, which is the second largest producer of borates and the largest borate reserves globally. Currently none of the borate deposits in Serbia are mined. In addition to the borate potential, a number of lithium-boron deposits have been identified and are focus of exploration in recent years, mainly within Serbia. These include Rio Tinto Limited's (ASX: RIO) Jadar Deposit discovered in 2004, which has a JORC compliant Probable Ore Reserve of 16.6 Mt at 1.81% lithium oxide (Li₂O) and 13.4% boron trioxide (B₂O₃), and a Mineral Resource comprising 55.2 Mt of Indicated Resource at 1.68% Li₂O and 17.9% B₂O₃ with an additional 84.1 Mt of Inferred Resource at 1.84% Li₂O and 12.6% B₂O₃ and ranks as one of the largest unmined lithium-boron resources globally.

The Company is advancing its strategy of becoming a leading diversified exploration company by completing the acquisition of its Serbian Lithium-Borate projects, the execution of agreements to acquire the highly prospective Sasaki Do Project in Bosnia and Herzegovina and embarking upon disciplined exploration campaigns across its projects.

Rekovac Project

Lithium & Borate, Serbia (100%)

The Rekovac Project comprises three contiguous exploration licences – namely, the Rekovac, Ursule and Siokovac exploration licences. The Rekovac Project is located within the Pomoravlje district of Šumadija and Western Serbia. The licences cover an area of 273 km² and are located about 20

Directors Report

km south-west of Jagodina, the administrative centre and 120 km south-southeast of the capital, Belgrade.

In November the Company commenced gravity and magnetic geophysics within the southern tenement of the Rekovac Lithium-Borate Project before extending these activities to cover the entirety of the project area. Geophysics interpretation aids in defining basin geometry and identifying deep-seated fault zones within the project area, which may have acted as a potential conduit for mineralising fluids. With this additional data the Company is now progressing an internal review to prioritise drill sites for follow-up testing.

Gravity Interpretation Results

The Rekovac basin shape is more elongated demonstrating a distinct NNE trend that parallels the regional tectonic grain of Tertiary arc-extensional structures. Based upon the linear configuration, the parallel sharp gradients on both NW and SE sides and the isolated and deep gravity anomaly it can be inferred that the basin was formed by faulting of basement rock. The symmetrical nature further suggests uniform displacement on both flanks of the basin with a similar history of sedimentary infill from those sides. Since the extension was most active in mid-Tertiary time, this was likely an active Miocene graben, its central low probably the locus of long-lived fine-grained sedimentation.

The Rekovac basin likely contains at least 20 mGal of gravity range representing a thick sedimentary section. The Rekovac gravity anomaly is at least as well confined, rising from -20 mGal in its central low to about +2 mGal at the first mapped basement outcrop, a comparable maximum difference of 22 mGal. A new estimation of the thickness of Rekovac Neogene Basin (depth to basement) was made based on a new compilation of gravity data, drill hole information, and outcrop geology.

This provides a detailed image of the geometry of the basement surface cut by the fault, and thus an estimate of the vertical offset across the fault, at least since the Neogene sediments were deposited. Drilling data is used explicitly in the inversion to constrain the solution, and the inversion is fully 3-dimensional, thus providing much more detail in the map of sediment thickness and the geometry of the basement surface.

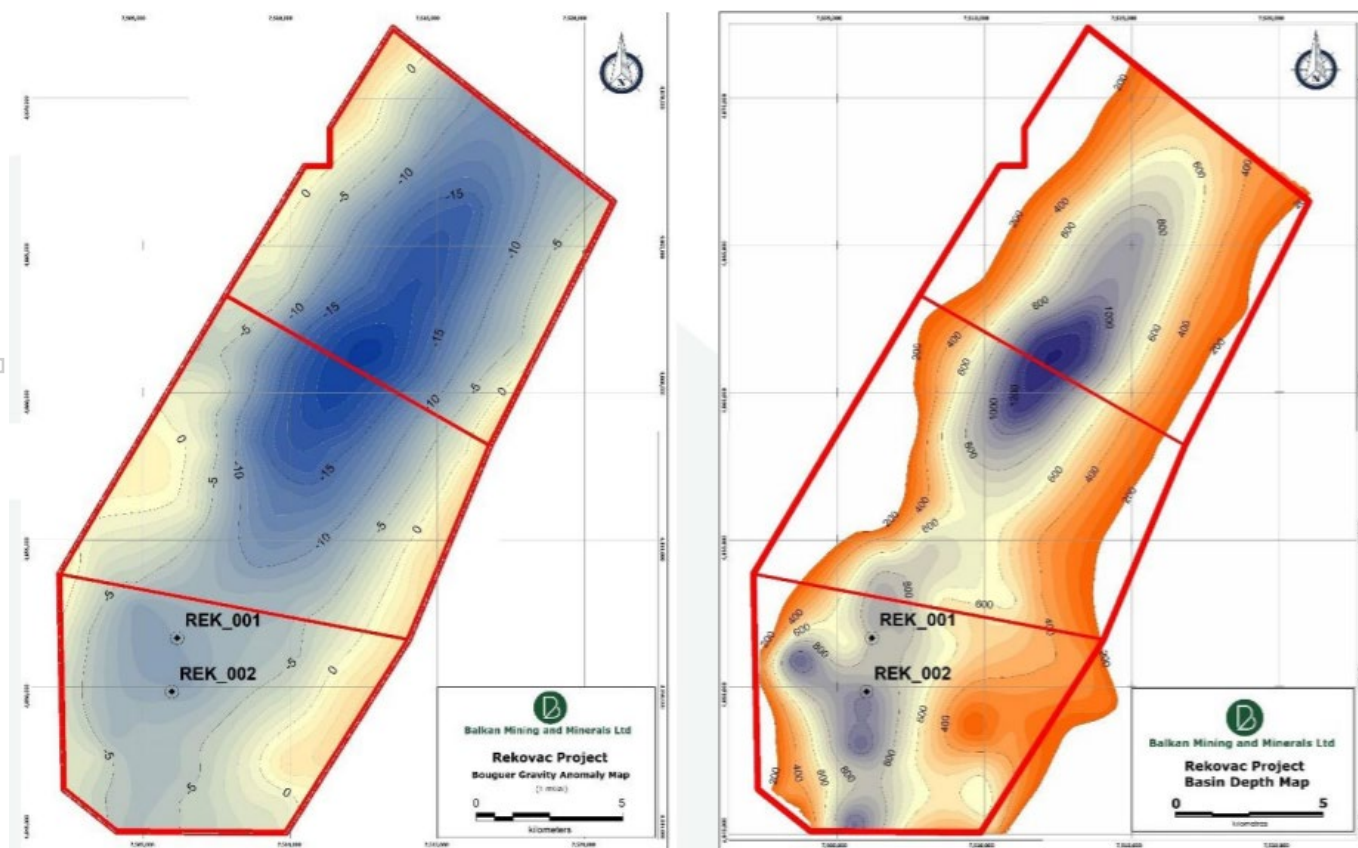


Figure 1 - Terrain corrected Complete Bouguer gravity image contoured at 1 mGal (left) and computed basin depth image contoured at 50m (right)

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Magnetic Survey Interpretations

The purpose of the airborne magnetic survey interpretation was to gather data that would help identify areas with the presence of “blind” Calc – Alkaline volcanic formations that may serve as a source of the volatile elements. Growth faults are believed to have channelled mineral-rich fluids (brines) to the host strata during basin formation. The overall magnetic field over the northern portion of the project area has been found to be low to moderately low, with values diminishing to the north of the project area, probably due to the thickening of non-magnetic younger sediments cover. Within this relative low background, a slightly higher magnetic pattern (10nT above background) may indicate a spring source has been found in the northern central part of the project area. The spring water broadly discharged elevated elements into the lake waters along faulted margins. That type of subaqueous springs has long been held as a preferred explanation for lithium borate origins.

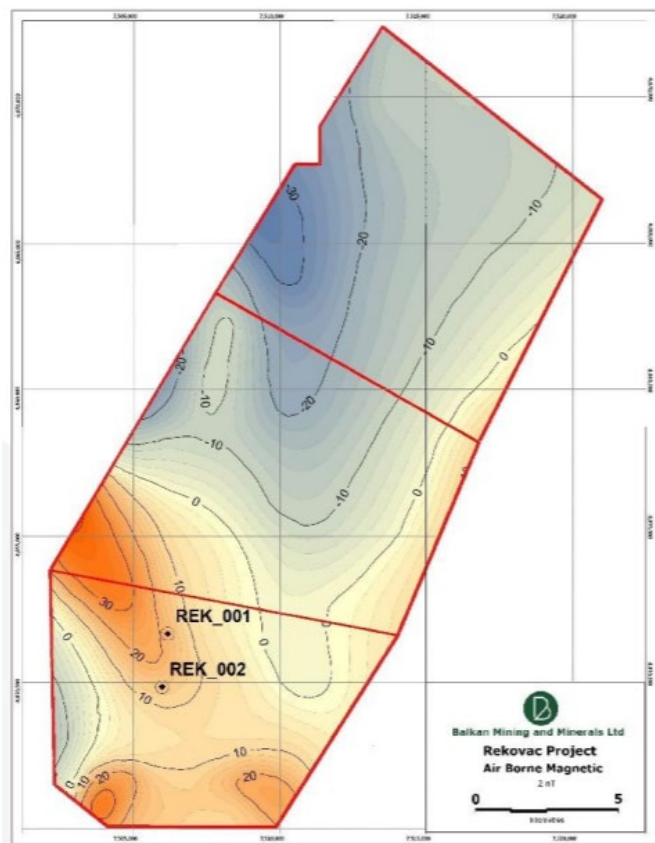


Figure 2 -- Rekovac Magnetic contour image contoured at 2nT

Dobrinja & Pranjani Projects Lithium & Borate, Serbia (100%)

The Dobrinja and Pranjani Projects each comprise of a single exploration licence in the territories of Gornji Milanovac and Požega, respectively. The Dobrinja exploration licence covers an area of 37.5km² and the Pranjani exploration license covers an area of 25.9km². These Projects are located within the Moravica district of Šumadija and Western Serbia. The two licences are located about 15–20 km northwest of the city of Čačak.

The Dobrinja and Pranjani Project exploration licenses are underlain by Miocene sedimentary rocks of the Pranjani Basin in the north and as yet unnamed southern “Dobrinja Basin”, respectively. The sediments are intruded by dacites and quartz latites, with volcanoclastic equivalents interbedded with the lacustrine and alluvial sediments as well as lamproites. They are located along strike to the northwest of the northwest orientated Cacak-Kraljevo Basin.

The Pranjani Basin covers an area of approximately 40 km² and is 7km long and 6km wide. It is orientated along a northwest axis, parallel to the regional trend of the Vardar Zone and larger Cacak Basin 7km to the southeast. The basement to this basin comprises late Palaeozoic shales, sandstones and limestones, early Triassic limestones, marls and sandstones intruded by Triassic porphyry breccias and tuffs with porphyry lenses and Jurassic age rocks related to the Western Vardar Ophiolites comprising harzburgites, serpentinites, diabases and gabbro, Cretaceous oolitic limestones.

The Miocene sedimentary rocks within the basin comprises two distinct sequences, namely a lower, older marginal facies and a younger, late lower-middle Miocene age inter-basinal facies as described in further detail below.

The first distinct sequence is a lower, older marginal facies approximately 100m thick in the west. It comprises a lower sequence of coarse to medium grained alluvial sediments formed as a result of gravitational slumping and flows from the surrounding hills to the lake margins. This is succeeded by alluvial fans in the west and detritic/ evaporitic magnesites in the south of the basin. These sequences are transgressively overlain by lacustrine sediments (known as the “motley series”) with bituminous marly limestones and dolomites. Although mapped as Miocene in age by the YGS fossil assemblages indicate it is late Oligocene-Lower Miocene (approximately 23 million years ago) in age, while some authors have dated the base of unit as early Oligocene (~34 Ma). This unit would correlate to M₁ (early Miocene) as mapped by the Yugoslavia Geological Survey (YGS).

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Directors Report

The second distinct sequence is a younger, late lower-middle Miocene age, (approximately 20m thick in the east) inter-basinal facies comprising conglomerates, sandstones, marls, mudstones with coal interbeds, oil shales, marly limestones, dolomites, tuffs, and tuffaceous sandstones.

These sediments are folded about north-west to south-east orientated fold axes with dips of the sedimentary layering in the south-western side of the basin dipping between 10° and 40° towards the north-east and in the centre of the basin dip up to 30° to the south-west and the north-east. Outcrops of basement gabbros occur in the centre of the basin suggest significant variations in the thickness of the Miocene rocks over short distances.

Younger recent alluvial sediment deposits cover the Miocene rocks along the present-day river channels.

The Dobrinja Basin covers an area of approximately 73km² and is about 15km long and 6.5km wide. It is orientated along a northwest axis, parallel to the regional trend of the Vardar Zone and larger Cacak Basin 7km to the southeast. The Pranjani Basin is situated approximately 10 km to the northeast.

The basement to this basin comprises late Palaeozoic shales, phyllite and argillaceous limestones into the south, early to middle Triassic limestones, marls, shales, and sandstones in the southeast and Jurassic age rocks related to the Western Vardar Ophiolites comprising serpentinites, peridotites, and diabase breccias to the east and north and early Cretaceous limestones to the west.

The Miocene sedimentary rocks dip at between 15° and 30° towards the centre of the basin. The lithostratigraphy within the basin, from oldest to youngest, comprises:

- basal conglomerates of the early Miocene (1 M₁);
- sandstones, marls, clays with coal seams, marly limestones, tuff sandstones of the middle Miocene (2 M₂);
- marly limestones, marls, sandstone, sandstones and mudstone with coal interbeds, sandstone and conglomerate of the upper Miocene (M₃); and
- younger recent alluvial and deluvial sediment deposits cover the Miocene rocks along the present-day river channels and floodplains.

Sampling and Assays Results

The Company conducted an extensive surface prospecting and a permit wide sampling program at Dobrinja, consisting of 97 outcrops being observed and the required information being obtained and recorded into the company database. Additionally, 61 samples of lacustrine-appearing sediments were taken for geochemical analysis.

The sampling program was conducted to identify prospective stratigraphy with elevated lithium and boron and to allow the inference of prospective sections. The field observations identified presences of evaporate mineralisation in form of analcime which is considered to be an indicator mineral of a saline-alkaline environment.

The assay results from samples taken from overlaying younger sediments (Middle and Upper Miocene) returned with relatively low to medium lithium and boron values which indicates that the target stratigraphic units on the project area are underlying younger sediments lithium and boron values which indicates that the target stratigraphic units on the project area are underlying younger sediments.

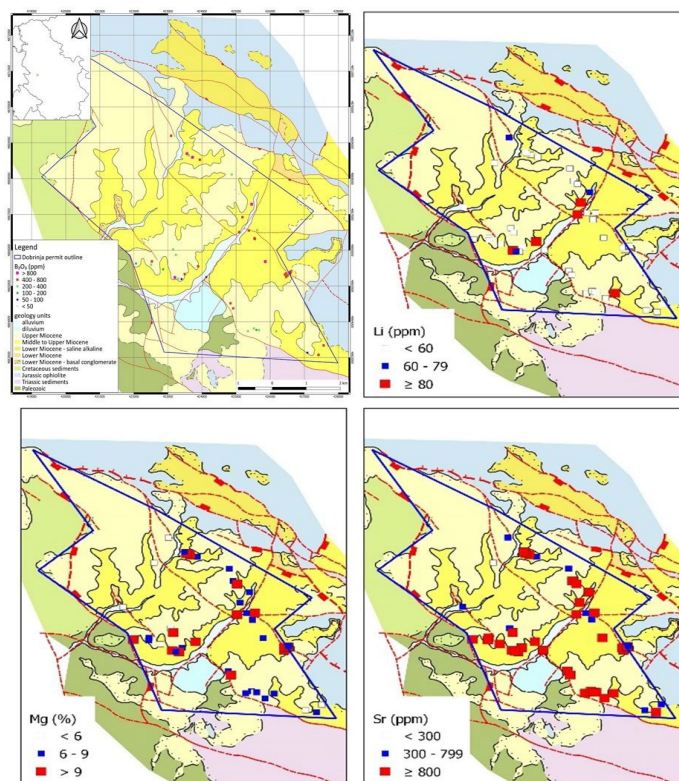


Figure 3 - - Dobrinja geology map with rock sampling positions and Li, B, Mg & Sr values

Directors Report

Gravity Interpretation Results

In tandem with the sampling program the Company also completed gravity survey at Dobrinja, the gravity interpretation indicates that the Dobrinja basin has an elongated shape having a distinct NNW trend that parallels the regional tectonic grain of Tertiary arc-extensional structures. This appears related to differential basement composition trends over a wider area and perhaps reflects a dominantly oceanic crust increase westwardly to the deep regional subduction-suture belt. This resulted in the complete Bouguer anomaly field depicted in Figure 4, with terrain corrections where the lowest values are displayed in green indicating relatively thick sedimentary sections. Geophysics has identified that the most prospective area for future testing includes the Miocene sedimentary section, appearing in the gravity low along the basing axes.

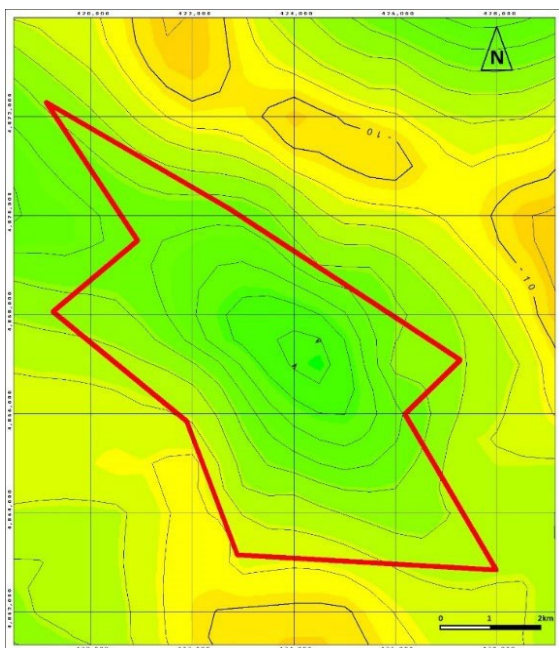


Figure 4 -- Dobrinja Bouguer gravity image contoured at 1 mGal

Saski do Project Application

Bosnia & Herzegovina (100% under contract)

In February 2022, the Company entered into an agreement to acquire Sandfire Resources Limited's (Sandfire, Vendor) "Saski do" exploration permit application in Bosnia and Herzegovina. The acquisition strategically expands the Company's Balkans portfolio of critical green metal assets to service the battery technology, high growth electronics sectors. The Saski do Application covers an area of 1.28km² of the highly prospective polymetallic Tethyan Metallogenic Belt and is considered prospective for base and green metals.

In consideration for the acquisition, BMM agreed to issue Sandfire \$250,000 worth of fully paid ordinary shares in the capital of BMM, with the shares issued at a price per share of \$0.38971, equating to 641,503 fully paid shares (recent 5-day VWAP of BMM shares at execution).

Financial Results

The Group made a loss for the six months ended 31 December 2021 of \$2,047,522 (1H 2020: \$nil). As at 30 December 2021, the Group had cash and cash equivalents of \$4,480,294 (30 June 2021: \$1,152) and net assets of \$6,223,106 (30 June 2021: \$996,143).

Corporate Activity

\$6.5 million Initial Public Offering & ASX Listing (IPO)

The Company completed its Initial Public Offering (IPO) oversubscribed in early July 2021 and was admitted to the Official List of the ASX shortly thereafter on 12 July 2021.

At the operational level, the ASX listing and demerger from EV Resources Limited (formerly called Jadar Resources Limited) delivered a focused and experience management team with a strong depth of knowledge and experience in the lithium-borate exploration industry. At a corporate level, the ASX listing delivered a strategic partnership with Sandfire Resources Limited (ASX: SFR) and provides access to capital markets required to help the Company execute its key business objectives of systematically exploring its Balkan Lithium-Borate projects and focus on mineral exploration, other resource opportunities or other acquisitions that have the potential to deliver growth for its shareholders.

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Directors Report

Strengthening of management

During the reporting period the Company strengthened its management team with the appointment of a number of key representatives. This included the appointment of Mr Sean Murray as non-executive Chairman (commencing 12 July 2021) and Mr Milos Bosnjakovic as non-executive director (commencing 12 July 2021).

Mr Harry Spindler was appointed Chief Financial Officer 1 December 2021. Mr Spindler joined BMM in December 2020 as Company Secretary and worked closely with Managing Director Ross Cotton to implement the Company's ASX listing in July 2021. Mr. Spindler is an experienced corporate professional with a broad range of finance, accounting, corporate governance and capital markets experience. He has provided consulting accounting services, held various company secretarial positions and has been involved with several public company listings, merger and acquisition transactions.

During November 2021, the company engaged Pasala Exploration and Mining D.O.O (Pasala) as the Company's technical consultant. Pasala provides the Company's growing team with additional resources in the development of its operations in the Balkans, assistance with the analysis and alignment of stakeholders' expectations, assistance with major stakeholder communication in the Balkan's region and to identify additional potential attractive opportunities for further investment in the region.

Puro.earth Agreement

A Marketplace Platform agreement was executed with Puro.earth in September for the identification of CO₂ Removal Certificates (CORCs) for its projects in Serbia. Puro.earth is the world's first B2B marketplace, standard and registry focused solely on carbon removal.

Under the agreement, Puro.earth will seek to identify CORCs for the company to purchase 2024 onwards. In support of our joint goals, Puro.earth has undertaken to refrain from entering into a Marketplace Agreement with any other Lithium/ Borate Company for the first year from signing the Marketplace Agreement.

Significant Events After the Balance Date

Subsequent to period end the following key events have occurred:

- (a) In February 2022, the Company entered into a conditional sale and purchase agreement with Sandfire Resources Limited's (ASX: SFR) (**Sandfire, Vendor**) to acquire the "Saski do" exploration permit application in Bosnia and Herzegovina.

The Saski do Application is located in the Vares municipality of the Zenica-Doboj Canton (approx. 30 km north of Sarajevo) in Bosnia and Herzegovina and covers an area of 1.28km² of the highly prospective polymetallic Tethyan Metallogenic Belt and is considered prospective for base and green metals.

The Tethyan belt is a host to a number of Tier-1 deposits, attracting significant investment from mining entities such as Vale, Dundee Precious Metals, Zijin Mining, Minco, Mundoro, and Fortuna Silver. Part of the Project's northern boundary lies adjacent to Adriatic Metals Plc's Vares project (Semizova Ponikva).

In consideration for the acquisition, BMM has agreed to issue Sandfire \$250,000 worth of fully paid ordinary shares in the capital of BMM, with the shares issued at a price per share of \$0.38971, equating to 641,503 fully paid shares.

The Parties are only obliged to complete the transaction if the following conditions precedent are satisfied or waived by the respective party before 31 March 2022:

- the granting of the Saski do mining concession pursuant to the Saski do Application; and
- receipt of all approvals required for the transaction contemplated by the agreement to proceed (including all approvals required from any Government Agency in Australia or Bosnia and Herzegovina in relation to the transactions contemplated by this agreement).

- (b) In January 2022, the Company announced the final boron assays from its surface sampling program completed at the Dobrinja project.

¹ ASX Announcement 24 September 2021 – Market Place Agreement Signed with Puro.earth

Directors Report

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 12 for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors.



Ross Cotton
Managing Director

Dated this day of 15 March 2022

Compliance Statement

This half year report contains information extracted from ASX Market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code") and available for viewing at balkamin.com. Balkan Mining & Minerals Limited confirms that it is not aware of any new information or data that materially effects the information included in the original ASX market announcement. Such ASX announcements are as follows:

- 07-Feb-21 BMM to expand its Balkan portfolio
- 31-Jan-22 Quarterly Activities/Appendix 5B Cash Flow Report
- 21-Jan-22 Dobrinja Sampling Assays Yield Encouraging Results
- 10-Dec-21 Initial Gravity Surveys Interpretation Completed at Dobrinja
- 01-Dec-21 Appointment of Chief Financial Officer
- 23-Nov-21 121 EMEA Conference Presentation
- 15-Nov-21 Gravity & Magnetic Survey Complete Over Entire Rekovac Project
- 10-Nov-21 Appointment of Technical Consultant
- 01-Nov-21 Gravity and magnetic geophysics completed at Rekovac
- 29-Oct-21 Quarterly Activities/Appendix 5B Cash Flow Report
- 11-Oct-21 Drilling to Commence at Rekovac Lithium-Borate Project
- 07-Oct-21 Corporate Presentation
- 06-Oct-21 Completion of Sampling at Dobrinja Lithium-Borate Project
- 20-Aug-21 Surface Mapping at Rekovac Completed
- 25-May-21 Prospectus

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Balkan Mining & Minerals Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and the performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Ross Cotton - Managing Director

Dated this 15 March 2022

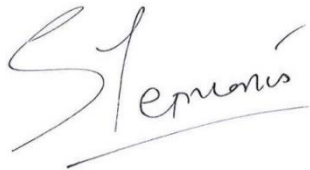
AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF BALKAN MINING AND MINERALS LIMITED

In relation to our review of the financial report of Balkan Mining and Minerals Limited for the half year ended 31 December 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SIMON FERMANIS
SENIOR PARTNER

15 MARCH 2022
WEST PERTH,
WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Note	31 December 2021 \$	18 December - 31 December 2020 \$
Other income		47	-
Compliance and regulatory expenses		(147,223)	-
Consulting and professional fees	2	(626,738)	-
Depreciation		(6,357)	-
Employee benefits expenses		(264,359)	-
Exploration and evaluation expenses		(134,993)	-
Marketing and investor relations		(81,738)	-
Other expenses	3	(265,176)	-
Share based payments	8	(520,985)	-
Loss before income tax		(2,047,522)	-
Income tax expense		-	-
Loss after tax		(2,047,522)	-
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		3,820	-
Other comprehensive loss for the period, net of tax		3,820	-
Total comprehensive loss for the period		(2,043,702)	-
Loss attributable to:			
Members of the parent entity		(2,047,522)	-
Non-controlling Interest		-	-
		(2,047,522)	-
Total comprehensive loss for the period attributable to:			
Members of the parent entity		(2,043,702)	-
Non-controlling interest		-	-
		(2,043,702)	-
Loss per share			
Basic and diluted loss per share (cents)	9	(4.60)	-

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents		4,480,294	1,152
Trade and other receivables		26,453	33,024
Prepayments		238,020	-
Other current assets		4,878	73,132
Total Current Assets		4,749,645	107,308
Non-Current Assets			
Exploration asset	4	1,611,651	1,502,693
Plant and equipment		63,448	5,058
ROU asset		8,022	-
Total Non-Current Assets		1,683,121	1,507,751
Total Assets		6,432,766	1,615,059
Current Liabilities			
Trade and other payables		177,966	217,432
Employee entitlements		23,415	-
Borrowings	5	-	401,484
Lease liability		4,967	-
Total Current Liabilities		206,348	618,916
Non-Current Liabilities			
Lease liability		3,312	-
Total Non-Current Liabilities		3,312	-
Total Liabilities		209,660	618,916
Net Assets		6,223,106	996,143
Equity			
Issued capital	6	8,292,437	1,443,557
Reserves	7	421,772	(3,833)
Accumulated losses		(2,491,103)	(443,581)
Total Equity		6,223,106	996,143

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

		Issued capital	Share Based Payment Reserves	Foreign Currency Reserve	Accumulated Losses	Total
	Note	\$	\$	\$	\$	\$
Balance at 18.12.20		-	-	-	-	-
Loss for the period		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total Comprehensive loss for the period		-	-	-	-	-
Issued of shares		2	-	-	-	2
Balance at 31.12.2020		2	-	-	-	2
Balance at 1.7.2021		1,443,557		(3,833)	(443,581)	996,143
Loss for the period		-	-	-	(2,047,522)	(2,047,522)
Other comprehensive income		-	-	3,820	-	3,820
Total Comprehensive loss for the period		-	-	3,820	(2,047,522)	(2,043,702)
Transactions with owners, recognized directly in equity						
Issue of shares	6	7,148,750	-	-	-	7,148,750
Share based payments	8	-	520,985	-	-	520,985
Conversion of shares from performance rights		99,200	(99,200)			-
Capital raising cost	6	(399,070)	-	-	-	(399,070)
Balance at 31.12.2021		8,292,437	421,785	(13)	(2,491,103)	6,223,106

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2021

	31 December 2021	18 December - 31 December 2020
	\$	\$
Cash Flow from Operating Activities		
Payments to suppliers	(503,699)	-
Payments for staff costs	(258,407)	-
Payments for exploration and evaluation	(134,993)	-
Interest paid	(7,669)	-
Other income	47	-
Net cash flows used in operating activities	(904,721)	-
Cash Flow from Investing Activities		
Payment for property plant and equipment	(62,641)	-
Payment for exploration and evaluation	(102,033)	-
Net cash flows used in investing activities	(164,675)	-
Cash Flow from Financing Activities		
Proceeds from issue of shares	6,500,000	2
Transaction costs related to issues of securities	(562,179)	-
Proceeds from borrowings	39,515	-
Repayment of borrowings	(429,695)	-
Net cash flows provided by financing activities	5,547,642	2
Net increase in cash and cash equivalents	4,478,246	2
Foreign exchange	895	-
Cash and cash equivalents at the beginning of the period	1,152	-
Cash and cash equivalents at the end of the period	4,480,293	2

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

1. Statement of Significant Accounting Policies

(a) Reporting Entity

Balkan Mining & Minerals Limited (the "Company", "BMM") is a listed public company, incorporated and domiciled in Australia. The company is a for-profit entity for the purpose of preparing financial statements. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2021, comprises the Company and its controlled entities (together referred to as the "Group", "Consolidated entity").

The financial report was authorised for issue by the Directors on 15 March 2022.

(b) Statement of Compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Balkan Mining & Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(c) Basis of Preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. The financial statements have been prepared on a going concern basis.

The Accounting policies adopted in the preparation of this half-year financial report are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021.

Estimates and Judgements

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

New, revised or amending Accounting Standards and Interpretations adopted

There were no new, revised or amended accounting standards adopted in the period.

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

Going concern basis of preparation

The financial report has been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties of progressing to profitable mining operations and managing working capital requirements, the Directors consider this to be appropriate.

For the half year ended 31 December June 2021 the Group recorded a loss of \$2,047,522 (31 December 2020: nil), a net working capital surplus of \$4,543,296 (30 June 2021: \$551,608 deficit) and had net cash outflows from operating activities of \$904,721 (31 December 2020; nil).

COVID-19 Impact

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on the likelihood of normal business operating conditions. This creates a level of uncertainty about the future trading outlook for all organisations globally and the Company is no exception. It is not possible to reliably assess the potential impacts at the present time which may cast a significant doubt as to whether the Company will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. As a consequence of COVID-19, the management has reviewed the annual budget forecast and communicated with external consultants for government subsidies where eligibilities are met.

2. Consulting and Professional fees

	Consolidated entity	
	31 December 2021	31 December 2020
	\$	\$
Corporate Advisory fees	(500,000)	-
Consulting fees	(71,095)	-
Legal fees	(55,643)	-
	<u>(626,738)</u>	<u>-</u>

3. Other expenses

	Consolidated entity	
	31 December 2021	31 December 2020
	\$	\$
Travel expenses	(78,814)	-
Insurance expenses	(84,128)	-
Rental expenses	(17,879)	-
Other expenses	(81,431)	-
Foreign exchange loss	(2,924)	-
	<u>(265,176)</u>	<u>-</u>

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

4. Exploration Asset

	Consolidated entity	
	31 December 2021	30 June 2021
	\$	\$
Opening balance	1,502,693	-
Asset acquisition ¹	-	1,450,468
Exploration capitalised	104,668	52,225
Unrealised FX movement	4,290	-
Closing balance	1,611,651	1,502,693

On 30 April 2021, the Company acquired Centralist Pty Ltd which through its wholly owned subsidiary holds the tenements of the Serbian Lithium-Borate Projects. Please refer to note 11 of the Company's 2021 Annual Report.

5. Borrowings

	Consolidated entity	
	31 December 2021	30 June 2021
	\$	\$
Loan: EV Resources Ltd	-	401,484
	-	401,484

In the prior period, the Company entered into an intercompany unsecured facility agreement with EV Resources Ltd (formerly Jadar Resources Ltd), pursuant to which EV Resources agreed to lend funds to the Company to be applied towards the expenses for completing its public offer, ASX listing or as otherwise agreed between the parties. Each party also agreed to provide the other party with operational services and support, including management, financial, taxation and administrative services on an ongoing basis and that such services as provided by EV Resources to the Company would be provided under advances covered by the facility. The loan funds, together with interest at 10%, was repayable at ASX listing.

6. Share Capital

	Note	Consolidated entity	
		31 December 2021	30 June 2021
		\$	\$
46,050,000 (30 June 2021: 10,000,000) Fully paid ordinary shares	(a)	8,292,437	1,443,557
a) Ordinary Shares			
At beginning of the reporting period		1,443,557	-
Issue of shares – incorporation		-	2
Issue of shares – group restructure		-	1,443,555
Issue of shares – initial public offer		6,500,000	-
Issue of shares – consulting services		648,750	-
Issue of shares – conversion of performance rights		99,200	-
Capital raising cost		(399,070)	-
At reporting date		8,292,437	1,443,557

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

Share Capital (continued)	Note	31 December	30 June
		2021	2021
		\$	\$
		No. of shares	No. of shares
At beginning of the reporting period		10,000,000	-
Issue of shares – incorporation		-	2
Issue of shares – group restructure		-	9,999,998
Issue of shares – initial public offer		32,500,000	-
Issue of shares – consulting services		2,750,000	-
Issue of shares – conversion of performance rights		800,000	-
At reporting date		46,050,000	10,000,000

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

7. Reserves

	Consolidated entity	
	31 December	30 June
	2021	2021
	\$	\$
Reserves		
Foreign currency reserve	(13)	(3,833)
Option reserve 4,000,000 (30 June 2021: nil)	349,131	-
Performance right reserve 2,100,000 (30 June 2021: nil)	72,654	-
	421,772	(3,833)
a) Foreign Currency Reserve		
At the beginning of reporting period	(3,883)	-
Movement	3,870	(3,883)
At the end of reporting period	(13)	(3,883)
b) Share Based Payment Reserves		
Option Reserve	\$	\$
At beginning of the reporting period	-	-
Issue of options	349,131	-
Exercise of options	-	-
Expiry of options	-	-
At the end of reporting period	349,131	-

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

Reserves (continued)

At beginning of the reporting period
Issue of incentive options
Exercise of options
Expiry of options
At the end of reporting period

No. of options

No. of options

-
4,000,000
-
-
4,000,000

Performance Right Reserve

At beginning of the reporting period
Performance rights expense
Conversion of performance rights
At the end of reporting period

\$

\$

-
171,854
(99,200)
72,654

No. of performance rights

No. of performance rights

At beginning of the reporting period
Issue of performance rights
Conversion of performance rights
At the end of reporting period

-
2,900,000
(800,000)
2,100,000

Employee performance rights & options plan

The Company has adopted a Performance Rights and Option Plan to (a) establish a method by which directors or employees of the Company (Eligible Persons) can participate in the future growth and profitability of the Company; (b) provide an incentive and reward for Eligible Persons for their contributions to the Company; and (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Each PR is exercisable for one ordinary share at nil consideration, upon satisfaction of certain performance hurdles set in the Performance Rights and Options Plan (refer to Note 8 for details).

During the six months ended 31 December 2021, 2,900,000 PRs were issued (2020: nil), 800,000 PRs were exercised (2020: nil) and Nil PRs lapsed (2020: nil).

8. Share based payments

Performance rights expense
Options expense

Consolidated entity

31 December
2021

30 June
2021

\$
171,854
349,131
520,985

\$
-
-
-

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

Movement and valuation of options

The movements in options during the financial year ended 30 June 2021 are as follows:

	2021		2020	
	No.	Weighted average grant date fair value \$	No.	Weighted average grant date fair value \$
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	4,000,000	0.110	-	-
Exercised during the period	-	-	-	-
Outstanding at the end of the period	4,000,000	0.110	-	-
Exercisable at the end of the period	4,000,000	0.110	-	-

The following table details the number and weighted average grant fair value at grant date of options outstanding at the period end.

Grant date	Exercise price	Expiry date	No.	Weighted average grant date fair value \$
06/07/2021	\$0.50	06/07/2024	3,500,000	\$0.0860
30/08/2021	\$0.75	31/08/2023	250,000	\$0.3089
30/08/2021	\$1.00	31/08/2023	250,000	\$0.2645
			4,000,000	\$0.1110

Options Valuation

The fair value of the services received in return for options granted are measured by reference to the fair value of the options granted or the service provided. The fair value of the services is recognised as an expense on a straight-line basis over the vesting period.

In determining the fair value of options granted during the six months ended 31 December 2021, the Company has applied Black-Scholes models, using the following inputs:

Valuation date	06/07/2021	30/08/2021	30/08/2021
No issued	3,500,000	250,000	250,000
Share price	\$0.20	\$0.64	\$0.64
Exercise price	\$0.50	\$0.75	\$1.00
Expiry Date	06/07/2024	31/08/2023	31/08/2023
Expected volatility	100%	100%	100%
Risk free rate	0.207%	-	-
Dividend yield	-	-	-

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

Movement and valuation of performance rights

The movements in performance rights during the six months ended 31 December 2021 are as follows:

	2021		2020	
	No.	Weighted average grant date fair value \$	No.	Weighted average grant date fair value \$
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	2,900,000	0.185	-	-
Exercised during the period	(800,000)	0.124	-	-
Outstanding at the end of the period	2,100,000	0.208	-	-
Exercisable at the end of the period	-	-	-	-

The following table details the number and weighted average grant fair value at grant date of performance rights outstanding at the period end.

Grant date	Expiry date	Performance Hurdle	No.	Weighted average grant date fair value \$
06/07/2021	06/07/2024	(a)	800,000	0.118
06/07/2021	06/07/2024	(b)	800,000	0.098
30/08/2021	31/08/2023	(c)	500,000	0.530
			2,100,000	\$0.208

The performance hurdles are summarised below:

- Absolute shareholder return: Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a VWAP of Shares of at least \$1.20, calculated over 20 consecutive trading days on which the Company's Shares have traded;
- Absolute shareholder return: Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a VWAP of Shares of at least \$1.80, calculated over 20 consecutive trading days on which the Company's Shares have traded;
- Operational: Performance Rights to be converted into shares, up the successful return of a Commercial Drilling Intersection, on or before 31 August 2023, and one year of continued employment from the date these Performance Rights are issued.

A Commercial Drilling Intersection is defined to be an ore grade and width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of either borate mineralisation containing +25% B₂O₃ or lithium – boron mineral containing +0.8% Li₂O and +12.5% B₂O₃.

Performance Rights Valuation

The fair value of the services received in return for PRs granted are measured by reference to the fair value of the PRs granted. The fair value of the services is recognised as an expense on a straight-line basis over the vesting period and is determined by multiplying the fair value per PR by the number of PRs expected to vest.

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

The probability of achieving market performance conditions is incorporated into the determination of the fair value per PR. No adjustment is made to the expense for PRs that fail to meet the market condition. The number of PRs expected to vest based on achievement of operational conditions, are adjusted over the vesting period in determining the expense to be recognised in the consolidated income statement. In order to convert PRs, the holders are required to be continually engaged with the Group at the time of achieving the performance hurdles.

In determining the fair value of PRs granted during the six months ended 31 December 2021, the Company has applied a barrier up-and-in Trinomial pricing model with a Parisian barrier adjustment, Binomial option pricing and Monte Carlo Simulation models, used an exercise price of nil and a dividend yield of nil. Other inputs in relation PRs are:

Valuation date	06/07/2021	06/07/2021	06/07/2021	30/08/2021
No issued	800,000	800,000	800,000	500,000
Share price	\$0.20	\$0.20	\$0.20	\$0.53
Expiry Date	06/07/2023	06/07/2024	06/07/2024	31/08/2023
Expected volatility	110%	110%	110%	110%
Risk free rate	0.070%	0.230%	0.230%	0.010%
Vesting Condition	*	(a)	(b)	(c)

* Absolute shareholder return: Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a VWAP of Shares of at least \$0.60, calculated over 20 consecutive trading days on which the Company's Shares have traded. This hurdle was satisfied in August 2021.

9. Loss Per Share

Both the basic and diluted loss per share have been calculated using the profit attributable to shareholders of the parent company (Balkan Mining and Minerals Limited) as the numerator, ie, no adjustments to losses were necessary during the six-month periods to 31 December 2021 and 31 December 2020. The weighted average number of shares for the purposes of the calculation of diluted loss per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

	Consolidated entity	
	31 December 2021	31 December 2020
Basic and diluted loss per share (cents)	(4.43)	-
Loss attributable to ordinary equity holders	(2,043,702)	-
Losses used to calculate basic and diluted EPS	(2,043,702)	-
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	44,449,728	2
Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS	44,449,728	2

Anti-dilutive options and performance rights have not been used in the EPS calculation. As at 31 December 2021 there were 4,000,000 options and 2,100,000 performance rights on issue.

Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2021

10. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

11. Contractual Commitments

	Consolidated entity	
	31 December 2021	30 June 2021
Exploration expenditure:	\$	\$
No longer than 1 year	283,223	161,834
Longer than 1 year and not longer than 5 years	1,097,053	727,014
	1,380,276	888,847

12. Contingencies

There have been no other changes in the Contingent Assets or Liabilities of the Group since 30 June 2021.

13. Events Subsequent to Balance Date

Subsequent to period end the following key events have occurred:

- (a) In February 2022, the Company entered into a conditional sale and purchase agreement with Sandfire Resources Limited's (ASX: SFR) (Sandfire, Vendor) to acquire the "Saski do" exploration permit application in Bosnia and Herzegovina.

The Saski do Application is located in the Vares municipality of the Zenica-Doboj Canton (approx. 30 km north of Sarajevo) in Bosnia and Herzegovina and covers an area of 1.28km² of the highly prospective polymetallic Tethyan Metallogenic Belt and is considered prospective for base and green metals.

The Tethyan belt is a host to a number of Tier-1 deposits, attracting significant investment from mining entities such as Vale, Dundee Precious Metals, Zijin Mining, Minenco, Mundoro, and Fortuna Silver. Part of the Project's northern boundary lies adjacent to Adriatic Metals Plc's Vares project (Semizova Ponikva).

In consideration for the acquisition, BMM has agreed to issue Sandfire \$250,000 worth of fully paid ordinary shares in the capital of BMM, with the shares issued at a price per share of \$0.38971, equating to 641,503 fully paid shares.

The Parties are only obliged to complete the transaction if the following conditions precedent are satisfied or waived by the respective party before 31 March 2022:

- the granting of the Saski do mining concession pursuant to the Saski do Application; and
 - receipt of all approvals required for the transaction contemplated by the agreement to proceed (including all approvals required from any Government Agency in Australia or Bosnia and Herzegovina in relation to the transactions contemplated by this agreement).
- (b) In January 2022, the Company announced the final boron assays from its surface sampling program completed at the Dobrinja project.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BALKAN MINING AND MINERALS LIMITED

Report on the Interim Financial Report

Conclusion

We have reviewed the half-year financial report of Balkan Mining and Minerals Limited (the company) and controlled entities (Group) which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at 31 December 2021, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Balkan Mining and Minerals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Independence

We are independent of the company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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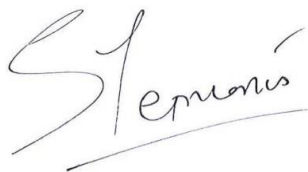
Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of an half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF PERTH



SIMON FERMANIS
SENIOR PARTNER

15 MARCH 2022
WEST PERTH,
WESTERN AUSTRALIA

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