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BLACKEARTH

Specialising in Critical Commodities

ASX:BEM

ABN 66 610 168 191

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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CORPORATE DIRECTORY

DIRECTORS

George Bauk
Non-Executive Chairman

Thomas Revy
Managing Director

David Round
Finance Director

Heather Zampatti
Non-Executive Director - appointed on 25 October 2021

COMPANY SECRETARY

David Round

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE

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283 Rokeby Road
Subiaco WA 6008

SHARE REGISTRY

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
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CHAIRMAN'S LETTER

Dear Shareholders

I am pleased to present to you the BlackEarth Minerals NL Annual Report for the year ended 30 June 2022.

Over the past year, the Company has made significant progress and achieved several important milestones in our development.

Ongoing drilling at our Maniry Project has delivered a number of positive outcomes since we listed on the ASX in January 2018. Our extensive drilling programs have resulted in the development of a World Class Graphite Project with a mineral resource size that has the potential to deliver a significant mining project.

The growth and development of our Resource at Maniry has allowed us to advance our Definitive Feasibility Study ("DFS") with this substantially completed and our final DFS Report due for publication in October 2022. The DFS has been an enormous piece of work and is a major step forward in the development of our Maniry Project and we look forward to delivering this to our Shareholders.

Our Joint Venture with Metachem has progressed substantially over the last 6 months. This followed the completion of our Feasibility Study for this operation and a number of positive announcements during the year including the signing of a binding supply agreement to sell all initial expandable graphite production. Directors of Metachem and our Company also recently met in Kuala Lumpur and completed a plan to commence plant construction and aim to commission the plant in the first quarter of 2023. We're excited about the pace of development of our JV Operations and look forward to updating the market about this in the short term.

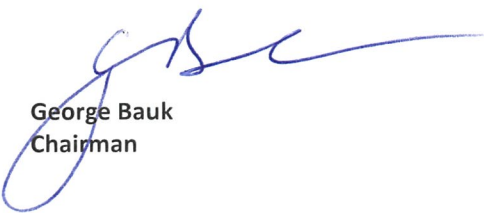
As part of BlackEarth's journey to sustainable development, we are pleased to be awarded a maiden positive BB rating by Digbee ESG UK for both corporate and the Maniry Project. We have also partnered with Circular for product traceability from graphite mining to our downstream users.

Recently, we have started the journey to become a key supplier of advanced graphite material to the ever-expanding lithium battery industry. We have commissioned Wave International to prepare an initial Scoping Study to build a Battery Anode Material ("BAM") plant using fines from our Maniry Project and we believe this should be available for publication over the next few months. This is an exciting strategic initiative and has the potential to see your Company producing battery anode material to meet the massive growth in demand for lithium-ion batteries required for EV's and alternative energy markets.

Strategically, there is a growing global recognition of the need for the world to produce more graphite concentrate. Graphite is a critical mineral and is vitally important to world plans to become a more energy efficient and globally responsible producer of green energy. We are pleased to be deeply involved in this industry and believe, over time, our strategic initiatives will deliver substantial shareholder returns.

During the year, the Company appointed experienced Perth-based businesswoman, Ms Heather Zampatti, as an Independent Non-Executive Director. Ms Zampatti has provided a significant contribution to the Company since her appointment and she was re-elected at the Company's 2021 Annual General Meeting in January 2022.

I take this opportunity to thank my fellow directors and all members of BlackEarth's management team and staff for their contribution over the past year. I also thank our Shareholders for their continued support as we work toward a number of significant and exciting milestones in the growth and development of our Company.



George Bauk
Chairman

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report on BlackEarth Minerals NL ("BEM" or the "Company") and its controlled entities (the "Consolidated Entity") for the financial year ended 30 June 2022.

BOARD OF DIRECTORS

The following persons were directors of the Company in office during the financial year and up to the date of this report, unless otherwise stated.

George Bauk	Non-Executive Chairman
Thomas Revy	Managing Director
David Round	Finance Director and Company Secretary
Heather Zampatti	Non-Executive Director (appointed on 25 October 2021)

INFORMATION ON DIRECTORS

George Bauk - Non-Executive Chairman

Qualifications

MBA, BBus, GAICD, FCPA

Experience

Mr Bauk is an experienced 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 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.

Other current ASX listed directorships in last 3 years

Lithium Australia Limited – Non-Executive Chairman since July 2015

PVW Resources Limited – Executive Director since February 2021

Valour Resources Limited – Executive Chairman since October 2020

Former ASX listed directorships in last 3 years

Northern Minerals Limited – Managing Director from March 2010 to June 2020

Gascoyne Resources Limited – Non-Executive Chairman from August 2020 to January 2022

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. Mr Revy has held senior operational and corporate positions within reputable organisations including GRD Minproc, WorleyParsons and Ferrum Crescent.

Other current and former ASX listed directorships in last 3 years

None

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (CONTINUED)

David Round - Finance Director and Company Secretary

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 ASX listed directorships

Resource Mining Corporation Limited – Non-Executive Director since March 2022

Former ASX listed directorships in last 3 years

None

Heather Zampatti - Non-Executive Director

Qualifications

BSc, Diploma of Education, Certified Financial Planner, Master of Stockbroking (MSAA), Doctor of Commerce (Hon)

Experience

Ms Zampatti has over 35 years of experience in stockbroking, finance, investment policy, strategy and funds management.

Ms Zampatti has been the head of wealth management at Bell Potter Securities since 2002. Ms Zampatti sits on the boards of the Federal Government Remuneration Tribunal, Osteoporosis Australia, The University of WA Club, Theatre 180, Tura New Music and ASICS's Financial Services Consultative Committee. Ms Zampatti was a former member of the Federal Governments Takeover Panel and the Financial Sector Advisory Council; chair of Lotterywest and Princess Margaret Hospital Foundation; and board member of Healthways, AIM WA, Chief Executive Women (CEW) and WA Ballet.

Other current and former ASX listed directorships in last 3 years

None

MEETINGS OF DIRECTORS

The number of meetings of the Directors and the number of meetings attended by each Director during the financial year ended 30 June 2022 were:

	Board Meetings		Remuneration Committee	
	Number held and eligible to attend	Number attended	Number held and eligible to attend	Number attended
George Bauk	5	5	1	1
Heather Zampatti ⁽ⁱ⁾	4	4	1	1
Thomas Revy	5	5		
David Round	5	5		

(i) Ms Zampatti was appointed as Non-Executive Director on 25 October 2021.

PRINCIPAL ACTIVITIES

During the financial year, the Consolidated Entity focused on advancing the development of the 100% owned Maniry graphite project in Southern Madagascar and mineral exploration activities in Donnelly River Prospect project located approximately 240kms south of Perth in Western Australia. In addition to this, the Consolidated Entity continued to progress its Expandable Graphite plant development plans in India. There were no significant changes in the nature of those activities during the financial year.

STATE OF AFFAIRS

There were no significant changes in the Consolidated Entity's state of affairs during the financial year, other than as set out in the Review of Operations on pages 5 to 14.

OPERATIONS UPDATE

Maniry Graphite Project

Throughout the 2021/2022 financial year ("financial year"), the Company continued to advance the development of the Maniry Graphite Project with our DFS scheduled for release in October 2022.

Key development achievements during the financial year for the Maniry Graphite Project include:

- Established access to port infrastructure from the Port d'Ehoala SA, a world class port that has sufficient capacity and infrastructure to manage growing development in the new graphite region of Southern Madagascar. The Right to export from Port d'Ehoala SA relates to all graphite related products produced from the Company's Maniry Project in Southern Madagascar and the provisions of the services to be provided by the Port include:
 - The Right to initially export up to 30,000 tonnes of graphite concentrate with a provision to increase this volume over time to cater for the Company's Stage 2 expansion
 - The Port will provide all ship loading services as required by the Company
 - The Port will provide services comparable to and in accordance with the Rio Tinto safety and other standards that are currently applied to services at this Port.

The Port is jointly owned and operated by Rio Tinto and QIT Madagascar Minerals (a company jointly owned by Rio Tinto and the Madagascan government).

- Completion of Large-Scale Pilot Plant Program in August 2021, with results confirming the project's large grade concentrate as suitable for multiple uses. This represents diversification opportunities to the Company.

Test results confirming that Maniry large flake graphite concentrate is highly suitable to feed the expandable graphite production plant with the Company's JV partner in India, Metachem Manufacturing Company Pvt. Ltd ("Metachem"). Subsequently to this positive result, the Company signed a legally binding JV agreement with Metachem.

- Successful completion of the Exploration and Drilling Program in November 2021, which delivered a JORC compliant Indicated and Inferred Mineral Resource for Razafy Northwest at 9.82% TGC for the project confirming the presence of new high-grade zones.

Ongoing drill program at Maniry continued to produce strong results and materially added inventory to the project's Mineral Resource and mine life. Subsequent to year-end, the Company released an updated Total Mineral Resources of 40 million tonnes at 6.5% TGC. Evidence of higher-grade material of approximately 9-10% TGC within the Razafy NW Mineral Resource will be a key focus for early mine feed into the current Maniry DFS due to be completed in October 2022.

Total Inventory Mineral Resource

Area	Classification	Tonnes (Mt)	Total Graphitic Carbon (%TGC)	Contained Graphite (tonnes)
Razafy*	Indicated	13.6Mt	6.5%	890,000
	Inferred	12.1Mt	5.9%	720,000
Razafy NW*	Indicated	3.1Mt	8.6%	266,000
	Inferred	2.2Mt	8.5%	186,000
Haja**	Indicated	-	-	-
	Inferred	9.0Mt	5.8%	522,000
TOTAL	Indicated	16.7Mt	6.9%	1,156,000
	Inferred	23.3Mt	6.1%	1,428,000

Table 1 – Maniry Project Mineral Resources (as released on 9 August 2022)

*3% TGC cut-off grade

**5% TGC cut-off grade

Reported at the cut off grades above; figures in the table above have been rounded, reported to the appropriate significant figures with graphite tonnages rounded to the nearest thousand, in accordance with the 2012 JORC Code

Growth in our Inventory Resource and Total Contained Graphite (tonnes)

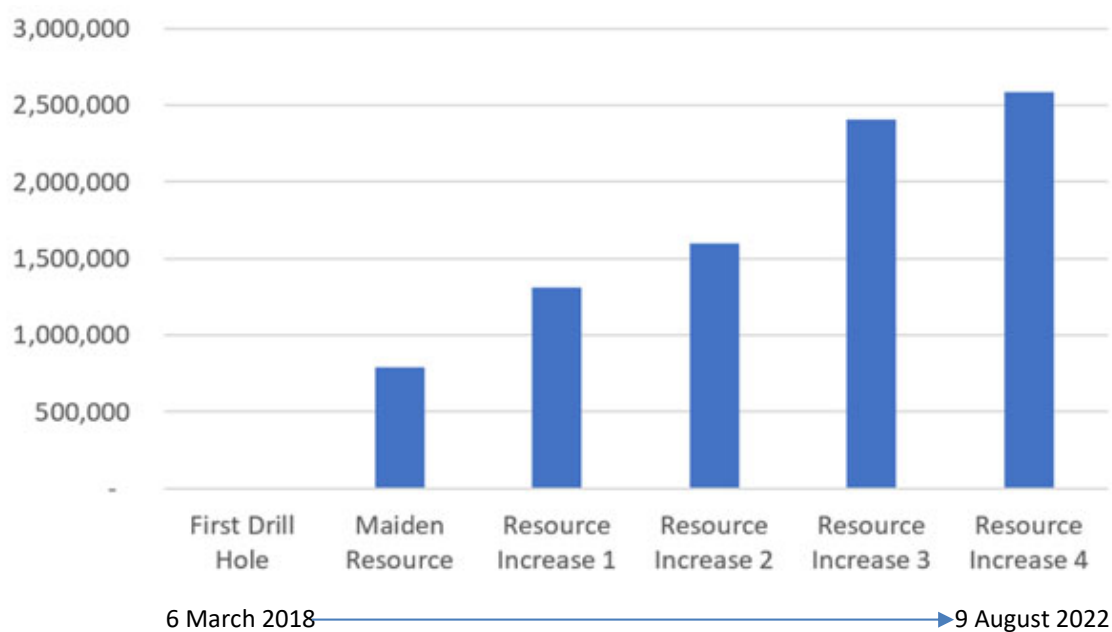


Figure 1 – Total Contained Graphite (tonnes) (as released on 9 August 2022)

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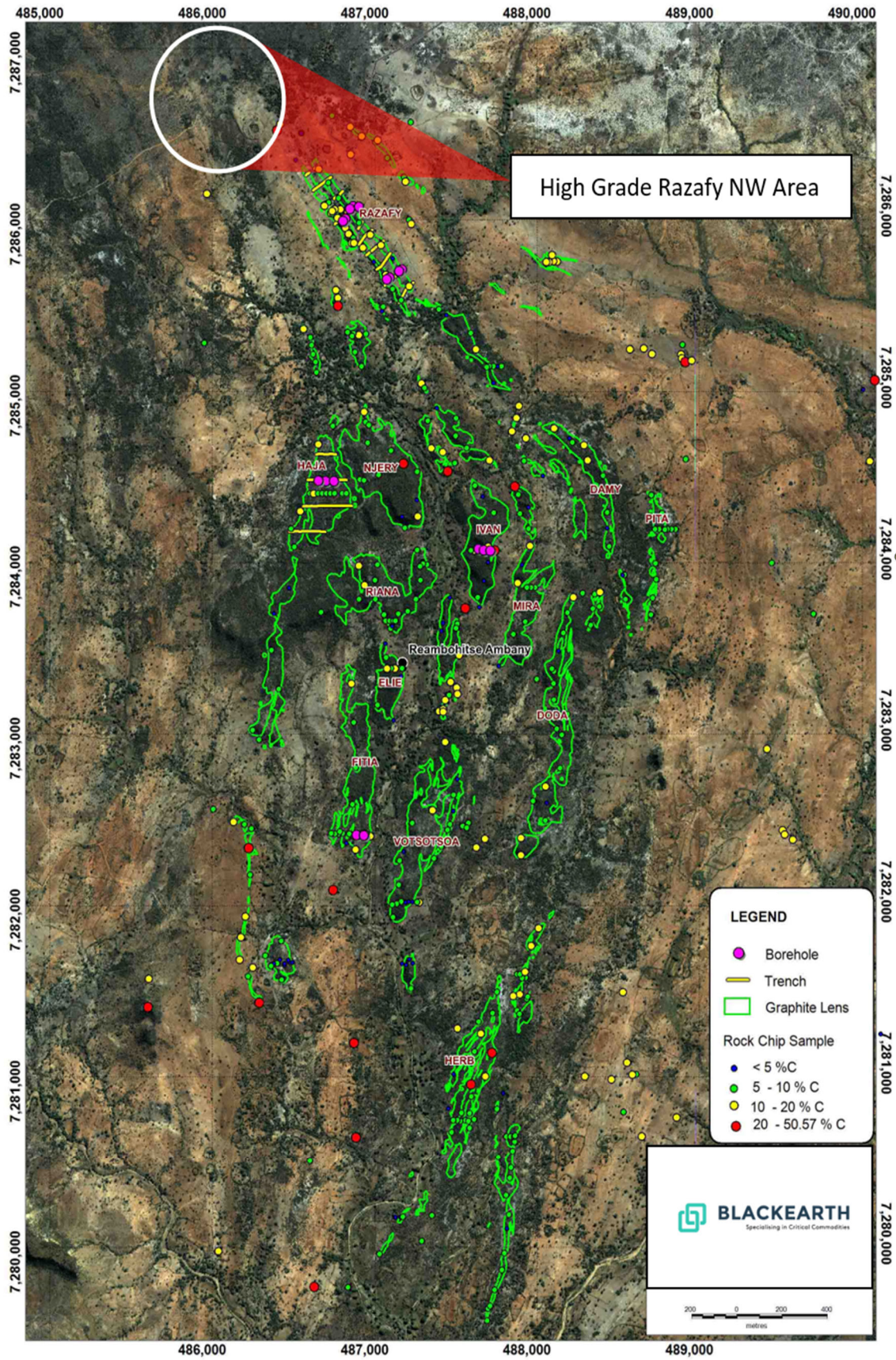


Figure 2 - Maniry Graphite Project Area

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DIRECTORS' REPORT

Key development achievements during the financial year for the Maniry Graphite Project include (*continued*):

- Completion of the revised Scoping Study in December 2021, which was built on the Scoping Study released in 2019 confirming the ability of the project to generate substantial financial returns.
- Achievement of a maiden Environmental, Social and Governance positive “BB” rating from Digbee ESG (UK) for both a corporate rating and a rating for its Maniry Graphite Project. This demonstrates BEM’s genuine focus to ESG matters. Digbee ESG (UK) is an industry ESG disclosure framework for the mining sector. It provides a future-looking set of frameworks which are aligned to the key global standards.
- Implementation of management of supply chain visibility. During the year, the Company announced the partnership with Circular to measure and manage its supply chain visibility across the entire process of its Maniry Graphite Mine operations. This partnership is the world-first in establishing best practices at the setup, commissioning and operation of a graphite concentrate mine. This partnership demonstrates the Company’s commitment to implementation of best practices in risk and environmental management and is a valuable tool in assisting the Company’s contribution towards achieving low carbon operation.

Circular’s system, using Traceability-as-a-Service technology, will allow comprehensive collection of data and provide the Company with the ability to communicate the ESG performance of the Company’s products and operations with the downstream customers. The movement towards increased transparency and traceability of products and raw material supply chains are in line with BEM’s commitment to sustainable development.

- Engagement with an independent expert based in southern Madagascar to carry out the Environmental and Social Impact Assessment (“ESIA”) process. The scope of work includes many of the focus areas identified by Digbee, including the development of a mutually agreeable relocation plan. The ESIA is a critical part of the Maniry Graphite Project as it communicates the interrelationship between the project and the society and environment. It is also a performance tool of the Company’s ESG metrics.

Updates on the Project ESG Vision

In addition to the above-mentioned ESG activities, the Board has 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:

- Ongoing community consultation with local community leaders and implementation of new and improved schools in and around villages that are within our region of operations. In July 2022, the Company has contracted a local builder to commence the construction of a new school.
- Continued effort to offer sponsorship on education opportunities and training to local Malagasy personnel both in-country and Australia
- 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.



Figure 3 – Progress of School Construction in August 2022



Figure 4 - Training delivered to local Malagasy employees and community

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Joint Venture with Metachem Manufacturing Company Pvt. Ltd (“Metachem”)

Since the signing of an MOU with Metachem in June 2021, the Company and Metachem have incorporated a JV company named Panthera Graphite Technologies Private Limited (“Panthera”) based in India. Both our Company and Metachem have equal ownership interests and board representation in Panthera. A JV agreement was signed between these parties involved in November 2021, and the key elements of the JV include:

- BlackEarth initially source, in conjunction with the sales and marketing partner LuxCarbon, suitable concentrate to feed the plant prior to using large and jumbo flake graphite from the Maniry Graphite Project. In Quarter 3 2022, BEM signed an offtake agreement with Technogرافit GmbH to secure the supply of feedstock – see section below on “Offtake Agreement with Technogرافit GmbH”.
- Metachem will provide the technology and know-how required for the production of expandable graphite.
- Our Company will be responsible for sales of expandable graphite product into the market. Our sales and marketing will be supported by our offtake agreement with Grafitbergbau, Austria (see details in ASX announcement dated 21 June 2021).
- Panthera will own any intellectual property developed.

Subsequent to year-end, the Feasibility Study of the Expandable Graphite Plant was completed with key financial outcomes including a post-tax NPV of US\$78 million, pre-tax net cash flow of US\$219 million and initial or Stage 1 CAPEX of US\$3 million. Additionally and recently, a 5-acre site in the Special Economic Zone in Pune, India was acquired. The site development is planned to be completed in early 2023. Initial production will commence at between 2,000 to 2,500 tonnes per annum for years 1 to 3 and subsequently increasing to 4,000 to 5,000 tonnes per annum. The sale of the product is planned to commence in Quarter 2 2023.

Offtake Agreement with Technogرافit GmbH (“Technogرافit”)

Technogرافit is a world leader in the supply of graphite concentrate and downstream products. The leadership team at Technogرافit have been actively supplying and investing in graphite operations worldwide for many decades and are recognised within Europe as an industry leader. #

The Offtake Agreement with Technogرافit, which was facilitated by LuxCarbon, provides a certainty of supply of concentrate for the expandable graphite plant in India, with feedstock tonnage requirements of up to 2,500 tonnes per annum for the next few years prior to the supply of concentrate from the Maniry Graphite Project. Feedstock prices will be based on agreed market price at the time of acquisition.

Securing this graphite feedstock supply arrangement is another milestone in the Company’s progress to develop the expandable graphite manufacturing plant in India. Technogرافit will work closely with LuxCarbon to ensure product from the Company/Metachem JV expandable graphite operations is produced to the required specification and that supplies continue on a regular and consistent basis to meet short term demand and our ambitions for longer term supply worldwide.

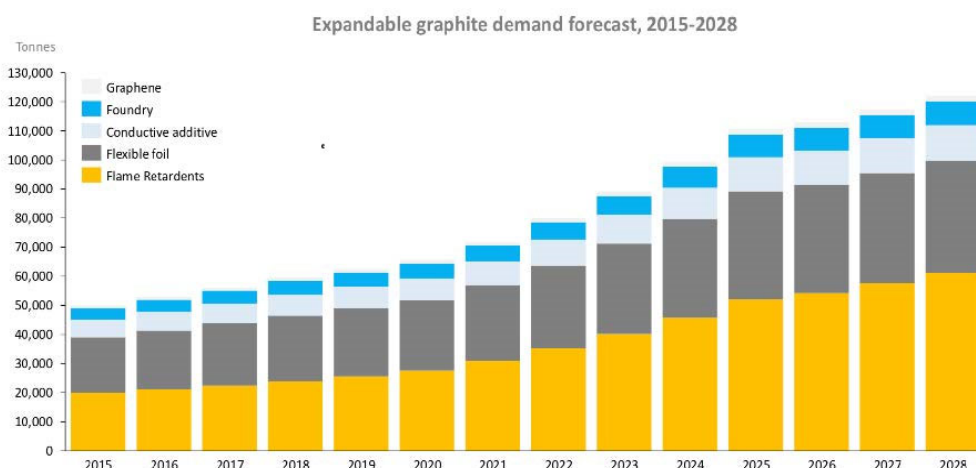


Figure 5 – Expandable Graphite demand and growth (Source: Benchmark Mineral Intelligence)

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New Project Development

On 7 September 2022, the Company announced that it has commenced a scoping study to confirm the commercial viability of processing fines from the Maniry Graphite Project into battery anode material (“BAM”). The strategy is aimed at enabling the Company to capitalise on the emerging supply deficit for BAM required to make lithium batteries. The BAM Study will assess the viability of building a manufacturing plant in Europe. Up until now, the Company’s plan is to sell the fines as raw materials to processors.

Commodity forecasters predict there will be a growing supply shortfall in the BAM market from next year due to soaring demand from lithium battery manufacturers. Wave International, an independent resource development consulting group, has been engaged by the Company to undertake the BAM Study. BEM’s initial assessments indicate the strategic advantages of establishing a plant in Europe include:

- proximity to a global hub of new battery giga-factories and electric vehicles (“EVs”) producers
- infrastructure availability including water, power, key logistic routes
- access to critical consumables and experienced personnel
- attractive financial incentives to encourage battery-related developments

#

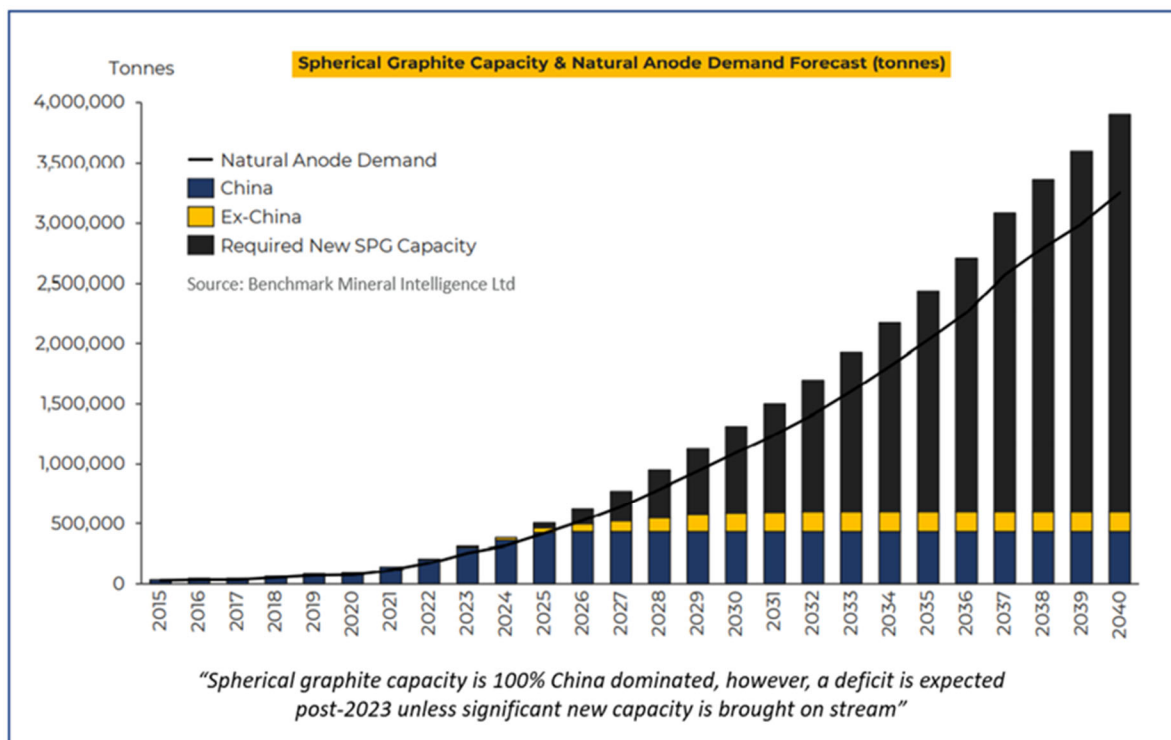


Figure 6 - Spherical Graphite Capacity & Natural Anode Demand Forecast (Source: Benchmark Mineral Intelligence)

Graphite Market Outlook and Madagascar

Historically, the majority of the world’s graphite has been mined and processed in China with substantial contributions to world supply from Madagascar and other parts of Africa.

However, recent increases in overall graphite prices and projections for massive shortages of supply has seen a change in the geographical distribution of the graphite market. During 2021, Madagascar was one of the world’s largest graphite producers and production and exports are poised to rapidly increase over the short term. Indeed S&P Global Commodity Insights has flagged that Africa looks set to be home to the new boom in graphite mining projects.

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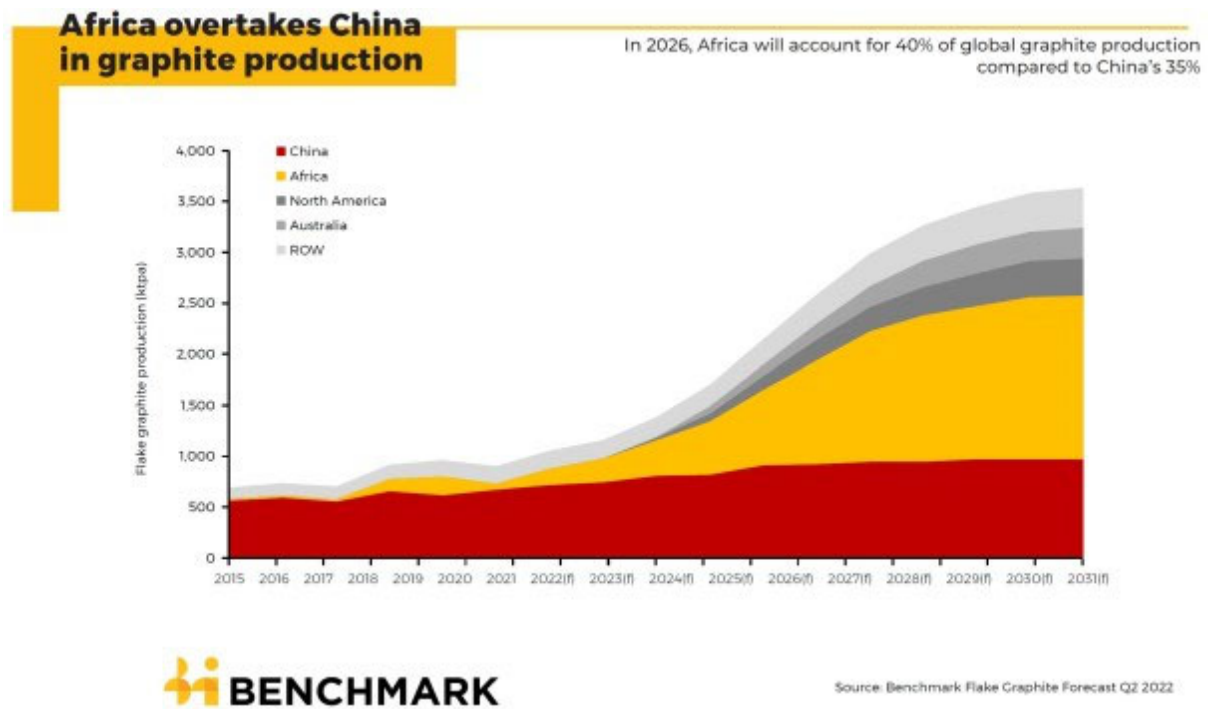


Figure 7 – Africa overtakes China in graphite production (Source: Benchmark Mineral Intelligence)

Given recent project developments in Madagascar and the growing demand for large and jumbo flake graphite, its market share is likely to increase. As announced by the Company on 26 April 2022, the World Bank and Madagascan Government have signed and approved spending on major infrastructure projects totalling US\$534.9 million. A significant portion of the funds will be used to upgrade the key proposed logistics route from the Maniry Graphite Project site to the port at Toliara. This upgrade has the potential to positively impact both the Project capital and operating costs as well as assist with the Company's expansion plans in year 3-4 of operations.

The World growing demand for EVs and alternative green energy solutions is driving strong demand for more raw materials such as lithium, nickel and graphite to build batteries. Despite new projects being developed, industry projections suggest it is highly likely that there will be a significant shortage of graphite within the next 2 – 3 years.

Benchmark Mineral Intelligence estimates that the major auto makers have committed over US\$300 billion to developing EVs and that there are over 200 lithium-ion ("LiB") mega-factories in the pipeline. These factories represent over 3,000 GWh of LiB production capacity which in turn equates to over 1,000,000 tonnes of new annual graphite demand by 2025. In short, suitable graphite production has to more than double quickly to meet this demand. As a result, the outlook for graphite prices is very bright and the need for secure western sources of supply is critical (Source: Benchmark Mineral Intelligence).

Competent Persons Statement

The information in this report that relates to in situ Mineral Resources for Razafy NW was prepared, and fairly reflects information compiled, by Mr Grant Louw and Dr Andrew Scogings, each of whom have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Louw is an employee of Snowden Optiro and is a Member of both the Australian Institute of Geoscientists and the Geological Society of South Africa. Dr Scogings is an employee of Snowden Optiro, a Member of the Australian Institute of Geoscientists and the Geological Society of South Africa and is a Registered Professional Geoscientist (RP Geo. Industrial Minerals). Mr Louw and Dr Scogings consent to the inclusion of information in the Mineral Resource report that is attributable to each of them, and to the inclusion of the information in the release in the form and context in which they appear.

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DIRECTORS' REPORT

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

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

Forward Looking Statements

Some of the statements appearing in this report 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 report. 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 report. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this report reflect views held only as at the date of this report.

This report is not an offer, invitation or recommendation to subscribe for, or purchase securities by the Company. Nor does this report 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.

Corporate

New appointment to BEM's Board

On 25 October 2021, the Company announced the appointment of Ms Heather Zampatti to the Board. Ms Zampatti is currently head of wealth management at Bell Potter Securities and sits on the boards of the Federal Government Remuneration Tribunal, Osteoporosis Australia, The University of WA Club, Theatre 180, Tura New Music and ASIC's Financial Services Consultative Committee.

DIRECTORS' REPORT

Capital raisings

(i) Partly paid ordinary shares

On 9 July 2021, the Company auctioned all forfeited partly paid ordinary shares with all partly paid ordinary shares sold at auction. 4,511,326 partly paid shares were classified as partly paid to 2.01 cents (3.99 cents unpaid). 30,100 partly paid ordinary shares were fully paid with total consideration received of \$1,802.99.

On 9 August 2021, an additional 900,000 partly paid ordinary shares were fully paid to raise \$35,910 and these shares were designated as fully paid ordinary shares of BEM.

On 17 August 2021, an additional 1,540,640 partly paid ordinary shares were fully paid to raise \$61,471 and these shares were designated as fully paid ordinary shares of BEM.

On 23 December 2021, an additional 250,000 partly paid ordinary shares were fully paid to raise \$9,975. Subsequently, these shares were designated as fully paid ordinary shares of BEM.

(ii) Share placement

On 1 February 2022, the Company completed the issue of 50,650,955 shares at \$0.135 per share under a placement pursuant to its Listing Rule 7.1 and 7.1A capacity. The placement raised a total of \$6,837,879 before costs. Funds raised were applied towards completing the DFS and advancing downstream processing development in India with Metachem.

(iii) Exercise of unlisted options

On 29 April 2022, the Company issued 3,000,000 ordinary shares following the exercise of 1,000,000 unlisted options exercisable at \$0.07 and 2,000,000 unlisted options exercisable at \$0.08 raising a total of \$230,000.

RESULTS OF OPERATIONS

For the financial year ended 30 June 2022, the Consolidated Entity incurred a loss of \$3,439,825 (2021: \$3,454,620).

There were no dividends paid or recommended during the financial year ended 30 June 2022 (2021: No dividends were paid or recommended).

FINANCIAL POSITION

The Consolidated Entity's working capital surplus was \$5,146,146 at 30 June 2022 (2021: working capital surplus of \$6,231,413).

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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The exploration activities of entities in the Consolidated Entity are subject to environmental regulations imposed by various regulatory authorities. The Board believes that adequate systems are in place to manage all applicable environmental requirements relevant to the operations of entities in the Consolidated Entity.

Entities in the Consolidated Entity have complied with all environmental requirements up to the date of this report.

DIRECTORS' REPORT

EVENTS OCCURRING AFTER THE REPORTING DATE

- On 21 July 2022, the Company announced the development of downstream graphite processing joint venture ("JV") operation in India. The JV operation is known as Panthera Graphite Technologies Pvt Ltd. Supply of Expandable Graphite will commence in the second quarter 2023 and a binding offtake agreement has been entered into with a global downstream graphite processing leader, Grafitbergbau.
- On 29 July 2022, the Company announced that certain hurdles to which conversion of performance rights are linked have been satisfied. They relate to the Company achieving a positive feasibility study and financial investment decision in relation to its JV in India. As a result, 4,500,000 performance rights on issue vest.
- On 12 August 2022, the Company announced that one of the hurdles to which conversion of performance rights approved at the 2021 Annual General Meeting has been reached. It relates to the Company achieving a JORC compliant Mineral Resource of at least 35 million tonnes of graphite ore at a cut-off grade of 5.00%.
- On 5 September 2022, an additional 400,000 partly paid ordinary shares were fully paid to raise \$16,000 and these shares were designated as fully paid ordinary shares of BEM.
- On 7 September 2022, the Company announced the commencement of a scoping study relating to an assessment of commercial viability of processing fines from the Maniry Graphite Project into Battery Anode Material ("BAM").

Other than the above, the Directors are not aware of any matter or circumstance that has significant or may significantly affect the Consolidated Entity's operations, results or state of affairs in subsequent financial years.

FUTURE DEVELOPMENTS

The Review of Operations section set out on pages 5 to 14 of this Annual Report gives an indication of likely developments and the expected results of the operations. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Consolidated Entity.

SHARE OPTIONS

(a) Unissued ordinary shares

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

Date options granted	Expiry date	Exercise price (cents)	Number of shares under option
16 February 2021	9 February 2025	15	4,500,000
9 July 2021	30 March 2023	17.5	4,000,000
			8,500,000

No options were granted to the Directors of the Company since the end of the financial year.

(b) Shares issued on exercise of options

The following ordinary shares of BlackEarth Minerals NL were issued during the year ended 30 June 2022, upon the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Exercise price (cents)	Number of shares issued
28 August 2019	8	2,000,000
11 January 2021	7	1,000,000
		3,000,000

DIRECTORS' REPORT

PERFORMANCE RIGHTS

(a) Performance rights granted to the Directors

Details of the performance rights granted as remuneration to the Directors of BlackEarth Minerals NL during the year ended 30 June 2022 are as follows:

Date rights granted	Expiry date	Exercise price (cents)	Vesting date	Number of rights granted
9 July 2021	30 November 2023	-	(a) and (b)	2,500,000
20 January 2022	20 January 2026	-	(c) to (f)	20,475,000
				22,975,000

Vesting of the rights granted is dependent on the following performance milestone being met:

- (a) 40% will vest upon the grant of mining licence and all relevant mining approvals.
- (b) 60% will vest upon a positive feasibility study and a final investment decision.
- (c) 23% will vest upon achievement of a volume weighted average price for shares of 25 cents or more over three consecutive trading days.
- (d) 23% will vest upon completion of sales of over 500 tonnes of Expandable Graphite under the Memorandum of Understanding with Metachem Manufacturing Company Pvt. Ltd.
- (e) 24% will vest on an announcement of a JORC compliant Mineral Resource (as defined in the JORC Code 2012 Edition) of at least 35 million tonnes of graphite ore at a cut-off grade of 5.00%.
- (f) 30% will vest upon an informed investment decision, which includes the completion of a positive definitive feasibility study to proceed with the construction of the Maniry graphite operations in Southern Madagascar.

(b) Performance rights on issue

The total number of performance rights on issue as at 30 June 2022 is set out in Note 15 Share-based payments to the financial statements. No rights have been granted since the end of 30 June 2022.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid insurance premiums to insure the Directors against liabilities incurred by them in their capacity as a Director of the Consolidated Entity. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

During the year and as at the date of this report, no indemnity in favour of a current or former Director or officer of the Consolidated Entity has been called on.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

NON-AUDIT SERVICES

During the year, no non-audit services were provided by the auditor (or by another person or firm on the auditor's behalf).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The report outlines the remuneration arrangements in place for BlackEarth Minerals NL's key management personnel ("KMP") for the financial year ended 30 June 2022. For the purposes of this report KMP personnel refers to as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Consolidated Entity.

Key management personnel

The KMP of the Consolidated Entity during or since the end of the financial year were:

George Bauk	Non-Executive Chairman	Appointed 16 November 2020
Thomas Revy	Managing Director	Appointed 19 January 2017
David Round	Finance Director and Company Secretary	Appointed 16 November 2020 Appointed 5 August 2020
Heather Zampatti	Non-Executive Director	Appointed 25 October 2021

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

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

Details of remuneration for period ended 30 June 2022

The following table discloses the remuneration of the Directors of the Company:

Name	Year	Fixed remuneration ⁽¹⁾	Cash bonus	Non-monetary benefits	Share-based payments - performance rights	Total	Performance related
		\$	\$	\$	\$	\$	%
George Bauk (Non-Executive Chairman)	2022	90,000	-	-	78,994	168,994	47
	2021	63,000	-	-	60,079	123,079	49
Thomas Revy (Managing Director)	2022	342,692	-	4,045	194,586	541,323	36
	2021	317,268	60,000	12,754	151,614	541,636	28
David Round (Finance Director & Company Secretary)	2022	289,904	-	3,506	168,414	461,824	36
	2021	190,515	30,000	1,703	73,397	295,615	25
Heather Zampatti (Non-Executive Director from 25-10-21)	2022	41,775	-	-	29,177	70,952	41
	2021	-	-	-	-	-	-
Philip Hearse (Non-Executive Chairman from 1-7-20 to 16-11-20)	2022	-	-	-	-	-	-
	2021	22,500	-	-	23,381	45,881	51
Simon Storm (CFO & Company Secretary from 1-7-20 to 4-9-20)	2022	-	-	-	-	-	-
	2021	7,400	-	-	-	7,400	-

(1) Fixed remuneration includes cash salary, fees, superannuation, and annual leave benefits.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of rights held by the KMP

The table below shows a reconciliation of rights over BEM ordinary shares held directly, indirectly, or beneficially by each KMP from the beginning to the end of the financial year 30 June 2022 (FY22).

KMP and grant dates of rights	Opening balance	Granted in FY22 ⁽¹⁾	Vested ⁽²⁾		Exercised	Forfeited or other change		Closing balance	Anticipated vesting date
	Number	Number	Number	%	Number	Number	%	Number	
George Bauk	3,400,000	2,975,000	1,400,000	-	(1,400,000)	-	-	4,975,000	
30 November 2018	2,000,000	-	-	-	-	-	-	2,000,000	30 November 2023
11 January 2021	1,400,000	-	1,400,000	100	(1,400,000)	-	-	-	
20 January 2022	-	2,975,000	-	-	-	-	-	2,975,000	20 January 2026
Thomas Revy	6,200,000	8,500,000	2,200,000	-	(2,200,000)	-	-	12,500,000	
30 November 2018	4,000,000	-	-	-	-	-	-	4,000,000	30 November 2023
11 January 2021	2,200,000	-	2,200,000	100	(2,200,000)	-	-	-	
20 January 2022	-	8,500,000	-	-	-	-	-	8,500,000	20 January 2026
David Round	2,300,000	8,875,000	2,300,000	-	(1,700,000)	-	-	9,475,000	
11 January 2021	2,300,000	-	2,300,000	100	(1,700,000)	-	-	600,000	
9 July 2021	-	2,500,000	-	-	-	-	-	2,500,000	30 November 2023
20 January 2022	-	6,375,000	-	-	-	-	-	6,375,000	20 January 2026
Heather Zampatti	-	2,625,000	-	-	-	-	-	2,625,000	
20 January 2022	-	2,625,000	-	-	-	-	-	2,625,000	20 January 2026

(1) The fair value for rights granted in FY22 is the grant date fair value for accounting purposes – see details in Note 15 Share-based payments to the financial statements.

(2) Rights converted to ordinary shares of BEM for nil consideration on 1 July 2021 and 14 January 2022.

Shareholdings

This table shows the movement of BEM ordinary shares held directly, indirectly, or beneficially by each KMP, including their related parties.

KMP	Opening balance	Received on vesting of rights	Received as remuneration	Closing balance
	Number of shares	Number of shares	Number of shares	Number of shares
George Bauk	1,780,341	1,400,000	-	3,180,341
Thomas Revy	7,972,426	2,200,000	-	10,172,426
David Round	715,586	1,700,000	-	2,415,586

Financial transactions with KMP

During the financial year, the followings were paid and payable to KMP for services.

Director	\$	Description of services
George Bauk	63,640	Amounts to PVW Resources Ltd, a company George Bauk is a director of, for the provision of rental and administration services to BEM.

At the end of the reporting period, the following was recognised in relation to the above transactions.

	2022	2021
	\$	\$
Current liabilities (amounts payable)	16,500	16,500

END OF REMUNERATION REPORT

DIRECTORS' REPORT

The Directors' Report is signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.



Thomas Revy
Managing Director

Perth, 16 September 2022

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To the Board of Directors,

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

As lead audit Director for the audit of the financial statements of BlackEarth Minerals NL for the financial year ended 30 June 2022, 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
Director

Dated at Perth this 16th day of September 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Other income	6	129,637	301,406
Exploration and evaluation costs written off		(744,750)	(993,508)
Personnel and consulting costs		(1,253,503)	(1,696,058)
Share-based payments expense		(530,362)	(308,471)
Occupancy costs		(70,939)	(49,773)
Administration costs		(914,022)	(666,649)
Depreciation and amortisation		(12,647)	(9,455)
Not foreign currency exchange differences		(7,731)	(3,987)
Other expenses	7	(35,508)	(28,125)
Loss before income tax		(3,439,825)	(3,454,620)
Income tax benefit	8	-	-
Loss after income tax		(3,439,825)	(3,454,620)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		(37,926)	(1,464)
Total comprehensive loss for the year attributable to owners of BlackEarth Minerals NL		(3,477,751)	(3,456,084)
Basic and diluted loss per share (cents per share)	16	1.44	2.24

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	9	5,809,297	6,565,750
Trade and other receivables	10	248,069	200,676
Other current assets		87,143	41,188
Total current assets		6,144,509	6,807,614
Non-current assets			
Capitalised exploration and evolution expenditure	11	5,606,642	659,646
Property, plant and equipment		65,629	24,118
Total non-current assets		5,672,271	683,764
TOTAL ASSETS		11,816,780	7,491,378
Current liabilities			
Trade and other payables	12	908,700	512,107
Provisions		89,663	64,094
Total current liabilities		998,363	576,201
TOTAL LIABILITIES		998,363	576,201
NET ASSETS		10,818,417	6,915,177
Equity			
Issued capital	13	24,294,834	17,371,915
Reserves	14	1,456,674	1,036,528
Accumulated losses		(14,933,091)	(11,493,266)
TOTAL EQUITY		10,818,417	6,915,177

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	9,461,604	262,739	(8,043)	(8,038,646)	1,677,654
Loss for the year	-	-	-	(3,454,620)	(3,454,620)
Exchange differences on translation of foreign operations	-	-	(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
Share issue transaction costs	(381,435)	-	-	-	(381,435)
Issue of options	-	818,292	-	-	818,292
Amortisation of 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
	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	17,371,915	1,046,035	(9,507)	(11,493,266)	6,915,177
Loss for the year	-	-	-	(3,439,825)	(3,439,825)
Exchange differences on translation of foreign operations	-	-	(37,926)	-	(37,926)
Total comprehensive loss for the year	-	-	(37,926)	(3,439,825)	(3,477,751)
Issue of shares	7,294,265	-	-	-	7,294,265
Share issue transaction costs	(631,423)	187,787	-	-	(443,636)
Issue of performance rights	-	266,702	-	-	266,702
Amortisation of performance rights	-	263,660	-	-	263,660
Exercise of performance rights	184,009	(184,009)	-	-	-
Exercise of options	76,068	(76,068)	-	-	-
Balance at 30 June 2022	24,294,834	1,504,107	(47,433)	(14,933,091)	10,818,417

The above consolidated 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 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		78,169	77,215
Payments to suppliers and employees		(2,382,003)	(1,545,654)
Expenditure on exploration		(742,559)	(1,004,220)
Proceeds from government grants and tax incentives		-	173,729
Interest received		1,328	2,398
Net cash used in operating activities	9	<u>(3,045,065)</u>	<u>(2,296,532)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(4,530,602)	-
Purchase of plant and equipment		(55,277)	(8,489)
Proceeds from disposal of non-current assets		2,096	-
Net cash used in investing activities		<u>(4,583,783)</u>	<u>(8,489)</u>
Cash flows from financing activities			
Proceeds from issue of shares		7,309,704	8,143,810
Payments for share issue transaction costs		(443,636)	(403,387)
Net cash generated by financing activities		<u>6,866,068</u>	<u>7,740,424</u>
Net (decrease)/increase in cash held		(762,780)	5,435,402
Cash and cash equivalents at the beginning of the year		6,565,750	1,133,917
Effect of exchange rates on cash and cash equivalents		6,327	(3,569)
Cash and cash equivalents at the end of the year	9	<u>5,809,297</u>	<u>6,565,750</u>

The above consolidated 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 2022

These consolidated financial statements and notes represent those of BlackEarth Minerals NL and its controlled entities (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 2022 were approved and authorised for issue by the Board of Directors on 16 September 2022.

1. BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(a) Compliance with IFRS

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.

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention. History cost is generally based on the fair values of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

All amounts are presented in Australian dollars, which is the Consolidated Entity's reporting currency and functional currency of the Company.

(d) Adoption of new and revised accounting standards

The Consolidated Entity has adopted all new and revised standards and interpretations issued by Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

(e) Standards and interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Consolidated Entity. These standards, amendments or interpretations are not expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

2. CHANGES IN ACCOUNTING POLICY – CAPITALISATION OF EXPLORATION AND EVALUATION EXPENDITURE

During the current reporting year, the Consolidated Entity elected to capitalise costs associated with areas of interest that have progressed to a definitive feasibility stage. The previous accounting policy was that expenditure on exploration and evaluation activities were expensed in the period they were incurred.

The new accounting policy is adopted during the current reporting year and has been applied retrospectively but there was no impact on adoption of the new accounting policy in the prior period. The Directors believe that the change in accounting policy will provide more relevant information to the users of the Consolidated Entity's financial statements. Capitalisation of exploration and evaluation expenditure is considered to be appropriate upon the identification of areas of interest that have progressed to a definitive feasibility stage as it appropriately recognises that the projects are in the advanced exploration, evaluation or feasibility phases. Both the previous and new accounting policies are compliant with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. Control exists when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised profits on transactions between members of the Consolidated Entity are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit or loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Consolidated Entity's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation, the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(c) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

Current income tax charge is calculated on the basis of the taxation laws enacted or substantially enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Current income tax represents the expected tax payable on the taxable income for the year and any adjustments to tax payable in respect to prior years.

(ii) Deferred tax

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. No deferred income tax is recognised if temporary difference arises from the initial recognition of an asset or liability (other than in a business combination) affects neither the accounting nor taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Taxation

(ii) Deferred tax (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are not recognised for temporary differences between carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that differences will not reverse in the foreseeable future.

(d) Employee benefits

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(e) Share-based payment transactions

The Company provides benefits to employees and others (that is, consultants of the Company) in the form of share-based payment transactions, whereby the employees and others render services in exchange for rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted.

The fair value of the equity-settled securities is measured to reflect expected market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of equity-settled securities that are expected to become exercisable. The fair value of the equity-settled securities is recognised as an employee benefits expense over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity. At the end of each period, the Company revises its estimates of the number of equity-settled securities that are expected to become exercisable. The impact of the revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any expected credit issues.

At each reporting date, the Consolidated Entity applies the AASB 9 simplified approach to measuring expected credit losses. If there is objective evidence of impairment, the amount of expected credit losses is the difference between the receivable's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The expected credit losses are recognised in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Exploration expenditure

Exploration and evaluation costs for each area of interest in the early stages of the project life are expensed as they are incurred.

Exploration and evaluation costs for each area of interest that has progressed to the definitive feasibility stage are capitalised as exploration and evaluation assets. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, otherwise costs are expensed.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable, the asset is written down to its recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets in respect of that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to development expenditure.

(i) Plant and equipment

Each class of plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets and 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 management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these subsequent costs will flow to the Consolidated Entity and the costs can be measured reliably. All repairs and maintenance costs are recognised in profit or loss during the reporting period in which they are incurred.

Gains and losses arising on a disposal of plant and equipment are recognised in the statement of profit or loss and determined by comparing proceeds from the sale of the assets to their carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets are depreciated on a diminishing value basis to write down the cost, net of their residual values over their estimated useful lives as follows:

- IT equipment 2 – 5 years
- Furniture and fittings 3 – 12 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(j) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets (continued)

The recoverable amount is the higher of an asset's fair value less costs of disposal 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.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impaired assets are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so 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 (or cash-generating unit) in prior years.

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(l) Goods and services tax (GST) and value added tax (VAT)

Revenue, expense and assets are recognised net of the amount of GST/VAT, except:

- (i) where the GST/VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of the expense.
- (ii) for receivables and payables which are recognised inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST/VAT component of investing and financing activities which is disclosed as an operating cash flow.

(m) Issued capital

Issued and paid-up capital is recognised at fair value of the consideration received. Transaction costs arising on the issue of ordinary shares are recognised in equity as a deduction from the proceeds.

(n) Earnings per share

Basic earnings per share is calculated by dividing profit for the year after income tax attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is calculated by dividing profit for the year after income tax attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the financial year, after adjusting for the effects of all potential dilutive ordinary shares that were outstanding during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Consolidated Entity's accounting policies, which are described in Note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements and estimates made by the management in the preparation of these financial statements are as follows:

(a) Exploration and evaluation expenditure

The Consolidated Entity's accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make estimates as to future events and circumstances. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the capitalised expenditure is unlikely, the relevant amount will be written off.

(b) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate model, which uses assumptions and estimates as inputs.

(c) Taxation

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable income. Assumptions about the generation of future taxable income depend on management's estimates of future cash flows from operations and the application of existing tax laws in each jurisdiction.

The current income tax position represents the Directors' best estimate, pending an assessment by the Australian Taxation Office. With regards to research and development (R&D) incentive, AusIndustry reserves the right to review claims made under the R&D legislation.

(d) Environmental matters

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 (CONTINUED)
For the year ended 30 June 2022

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board has identified that the Consolidated Entity has two reportable segments which are exploration activities relating to minerals within Australia and Madagascar.

(i) Segment revenue and results

For the year ended 30 June 2022	Australia	Madagascar	Total
	\$	\$	\$
Revenue	-	86,443	86,443
Exploration and evaluation expenditure	(476,642)	(268,107)	(744,750)
Personnel and consulting costs	(1,076,208)	(177,295)	(1,253,503)
Share-based payments expense	(530,362)	-	(530,362)
Occupancy costs	(48,800)	(22,139)	(70,939)
Administration costs	(717,425)	(188,650)	(906,075)
Depreciation and amortisation	(6,122)	(6,525)	(12,647)
Other expenses	-	(35,508)	(35,508)
Segment result	(2,855,559)	(611,781)	(3,467,340)
Other income			43,194
Other expenses			(15,679)
Loss from continuing operations			(3,439,825)
For the year ended 30 June 2021	Australia	Madagascar	Total
	\$	\$	\$
Revenue	-	86,633	86,633
Exploration and evaluation expenditure	(762,072)	(231,436)	(993,508)
Personnel and consulting costs	(1,516,645)	(173,323)	(1,689,968)
Share-based payments expense	(308,471)	-	(308,471)
Occupancy costs	(28,574)	(21,199)	(49,773)
Administration costs	(576,699)	(80,555)	(657,254)
Depreciation and amortisation	(4,446)	(5,010)	(9,456)
Other expenses	-	(30,008)	(30,008)
Segment result	(3,196,907)	(454,898)	(3,651,805)
Other income			214,773
Other expenses			(17,588)
Loss from continuing operations			(3,454,620)

(ii) Segment Assets

30 June 2022	Australia	Madagascar	Total
	\$	\$	\$
Segment Assets	82,751	5,523,891	5,606,642
Unallocated:			
Cash and cash equivalents			5,809,297
Other assets			400,841
Total Consolidated Entity Assets			11,816,780
30 June 2021	Australia	Madagascar	Total
	\$	\$	\$
Segment Assets	82,751	576,895	659,646
Unallocated:			
Cash and cash equivalents			6,565,750
Other assets			265,982
Total Consolidated Entity Assets			7,491,378

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2022

5. SEGMENT INFORMATION (CONTINUED)

(iii) Segment Liabilities

30 June 2022	Australia \$	Madagascar \$	Total \$
Segment Liabilities	-	-	-
Unallocated:			
Trade and other payables			908,700
Other current liabilities			89,663
Total Consolidated Entity Liabilities			998,363

30 June 2021	Australia \$	Madagascar \$	Total \$
Segment Liabilities	-	-	-
Unallocated:			
Trade and other payables			512,107
Other current liabilities			64,094
Total Consolidated Entity Liabilities			576,201

6. OTHER INCOME

	2022 \$	2021 \$
Interest income	1,328	1,242
Recovery of expenses	41,866	39,802
Royalties	86,443	86,633
Research and development rebate	-	116,775
PAYG cashflow boost	-	56,954
	129,637	301,406

7. OTHER EXPENSES

	2022 \$	2021 \$
Fines, penalties and donations	9,581	5,428
Provision for non-recoverability of value-added tax	24,712	22,697
Net loss on disposal of non-current assets	362	-
Others	853	-
	35,508	28,125

8. INCOME TAX EXPENSE

	2022 \$	2021 \$
Current tax	-	-
Deferred tax	-	-
	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

8. INCOME TAX EXPENSE (CONTINUED)

(a) Reconciliation of income tax expense to prima facie tax payable:

	2022	2021
	\$	\$
Loss before income tax	(3,439,825)	(3,454,620)
Prima facie tax benefit at 25% (2021:26%)	(859,956)	(898,201)
Non-deductible expenses	200,106	152,132
Movement in unrecognised temporary differences	(47,316)	(30,619)
Unused tax losses for which no deferred tax asset has been recognised	707,166	776,688
Income tax benefit	-	-

(b) Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised are \$9,883,057 (2021: \$7,054,392). Potential tax benefit is \$2,607,193 (2021: \$1,900,027).

9. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank	5,809,297	6,565,750
	<u>5,809,297</u>	<u>6,565,750</u>

Reconciliation of loss for the year to net cash flows from operating activities	\$	\$
Loss after income tax	(3,439,825)	(3,454,620)
Share-based payments to key management personnel	530,362	327,888
Options issued for payment of services	-	603,343
Depreciation of non-current assets	12,647	9,455
Net foreign currency differences	(2,474)	2,104
Net loss on disposal of non-current assets	362	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(93,349)	19,623
(Decrease)/increase in trade and other payables	(78,357)	164,348
Increase in employee entitlement provision	25,569	31,327
Net cash used in operating activities	(3,045,065)	(2,296,532)

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
GST receivable	75,580	36,460
Other receivables	172,489	164,216
	<u>248,069</u>	<u>200,676</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

11. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2022	2021
	\$	\$
Balance at the beginning of the year	659,646	659,646
Additions	4,949,070	-
Foreign currency translation	(2,074)	-
Balance at the end of the year	<u>5,606,642</u>	<u>659,646</u>

12. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	439,555	269,664
Accruals	350,439	173,875
Other liabilities	118,706	68,568
	<u>908,700</u>	<u>512,107</u>

13. ISSUED CAPITAL

	2022		2021	
	Shares	\$	Shares	\$
Fully paid ordinary shares (a)	273,346,222	24,198,431	211,474,527	17,311,653
Partly paid ordinary shares at 0.01 cent (b)	-	-	4,541,426	454
Partly paid ordinary shares at 2.01 cents (b)	4,796,186	96,403	2,975,500	59,808
Balance at the end of the year	<u>278,142,408</u>	<u>24,294,834</u>	<u>218,991,453</u>	<u>17,371,915</u>

(a) Movement in fully paid ordinary shares

	2022		2021	
	Shares	\$	Shares	\$
Balance at the beginning of the year	211,474,527	17,311,653	113,655,521	9,458,790
Exercise of performance rights	5,300,000	184,009	2,300,000	71,326
Partly paid ordinary shares fully paid up	2,720,740	163,245	20,625,824	1,237,549
Issued for services rendered at 13.5 cents per share	200,000	27,000	-	-
Issued for cash at 5 cents per share	-	-	36,213,880	1,810,693
Issued for cash at 13.5 cents per share	50,650,955	6,837,879	36,134,220	4,878,120
Exercise of options	3,000,000	306,068	2,000,000	217,193
Issue of shares to Directors	-	-	545,082	19,417
Share issue transaction costs	-	(631,423)	-	(381,435)
Balance at the end of the year	<u>273,346,222</u>	<u>24,198,431</u>	<u>211,474,527</u>	<u>17,311,653</u>

(b) Movement in partly paid ordinary shares

	2022		2021	
	Shares	\$	Shares	\$
Balance at the beginning of the year	7,516,926	60,262	28,142,750	2,814
Partly paid ordinary shares fully paid up and become fully paid ordinary shares	(2,720,740)	(54,085)	(20,625,824)	(2,062)
Proceeds from 2 cents call per share	-	90,226	-	59,510
Balance at the end of the year	<u>4,796,186</u>	<u>96,403</u>	<u>7,516,926</u>	<u>60,262</u>

Partly paid ordinary shares carry one vote per share and carry a right to dividends in proportion to the amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2022

14. RESERVES

	2022	2021
	\$	\$
Options (a)	772,255	660,536
Performance rights (a)	731,852	385,499
Foreign currency translation reserve	(47,433)	(9,507)
	1,456,674	1,036,528

(a) Refer to Note 15 for details.

15. SHARE-BASED PAYMENTS

(a) Performance rights issued to the Directors during the year

Share-based payment arrangements relating to the Directors:

	Granted on 9 July 2021	Granted on 20 January 2022
Number of rights (with non-market conditions)	2,500,000	15,750,000
Fair value at grant date (cents)	10.25	15.50
Exercise price	Nil	Nil
Rights life (years)	4	4

	Granted on 20 January 2022
Number of rights (with market vesting conditions)	4,725,000
Share price target (cents)	25 or higher over three consecutive trading days

The fair value of the performance rights with market vesting conditions granted during the year was 12.97 cents. The price was calculated by using the Monte Carlo model taking into account the terms and conditions upon which the rights were granted.

Inputs into the Monte-Carlo model:

Share price target (cents)	25 or higher over three consecutive trading days
Underlying share price at grant date (cents)	15.50
Exercise price	Nil
Rights life (years)	4
Expected volatility (%)	101.00
Risk-free interest rate (%)	1.66
Dividend yield (%)	0.00

The following table identifies the hurdles to which conversion of the above performance rights are linked during the term of the performance rights:

Hurdles	Number of rights
Tenure update – grant of mining licence including all relevant mining approvals	1,000,000
Positive feasibility study and financial investment decision	1,500,000
The Company completes sales of over 500 tonnes of Expandable Graphite under the Memorandum of Understanding with Metachem Manufacturing Company Pvt. Ltd.	4,725,000
The Company announces a JORC compliant Mineral Resource (as defined in the JORC Code 2012 Edition) of at least 35 million tonnes of graphite ore at a cut-off grade of 5.00%.	4,900,000
The Company makes an informed investment decision, which includes the completion of a positive definitive feasibility study to proceed with the construction of the Maniry graphite operations in Southern Madagascar.	6,125,000
The Company achieves a volume weighted average price for shares of 25 cents or more over three consecutive trading days.	4,725,000
	22,975,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

15. SHARE-BASED PAYMENTS (continued)

(b) Share options issued to a service provider during the year

During the year ended 30 June 2022, 4,000,000 options were granted to a service provider as consideration for services rendered. Options granted have an exercise price of 17.5 cents per option and a contractual term of two years.

Fair value of options granted

The weighted average fair value of the options granted during the year was 4.7 cents. The price was calculated by using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Inputs into the model:	
Grant date share price (cents)	10.25
Exercise price (cents)	17.50
Expected volatility (%)	122.20
Option life (years)	1.7
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.07

(c) Movement in performance rights issued to the Directors

	2022	2021
	Number of rights	Number of rights
Balance at the beginning of the year	13,900,000	8,000,000
Granted during the year	22,975,000	8,200,000
Exercised during the year	(5,300,000)	(2,300,000)
Balance at the end of the year	31,575,000	13,900,000
Weighted average remaining contractual life of rights outstanding at end of the year	2.83 years	2.89 years

(d) Movement in options on issue to service providers

	2022	2021
	Number of options	Number of options
Balance at the beginning of the year	7,500,000	4,000,000
Granted during the year	4,000,000	5,500,000
Exercised during the year	(3,000,000)	(2,000,000)
Balance at the end of the year	8,500,000	7,500,000

No options expired during the periods covered by the table above. Options outstanding at the end of the financial year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (cents)	2022 Number of options	2021 Number of options
28 August 2019	29 August 2022	8	-	2,000,000
11 January 2021	30 September 2023	7	-	1,000,000
16 February 2021	9 February 2025	15	4,500,000	4,500,000
9 July 2021	30 March 2023	17.5	4,000,000	-
Total			8,500,000	7,500,000

Weighted average remaining contractual life of options outstanding at end of the year	1.74 years	2.78 years
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

16. EARNINGS PER SHARE (EPS)

	2022	2021
Loss attributable to ordinary equity holders of BlackEarth Minerals NL (\$)	(3,439,825)	(3,454,620)
Weighted average number of ordinary shares used in calculating basic and diluted EPS	239,334,009	154,142,454

The Consolidated Entity's options potentially dilute basic earnings per share in the future. However, they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

Total remuneration paid to key management personnel of the Consolidated Entity during the year is as follows:

	2022	2021
	\$	\$
Short-term benefits	713,123	661,619
Share-based payments	471,171	308,471
Post-employment benefits	58,798	43,521
	<u>1,243,092</u>	<u>1,013,611</u>

Detailed remuneration disclosures are provided in the Remuneration Report on page 17.

18. RELATED PARTY TRANSACTIONS

(a) Parent Entities

The ultimate parent entity within the Consolidated Entity is BlackEarth Minerals NL. Madagascar Graphite Ltd is the parent entity of BlackEarth Minerals Madagascar SARL.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of subsidiary	Country of Incorporation	Ownership interest (%) ⁽¹⁾	
		2022	2021
BlackEarth Australia Pty Ltd	Australia	100	100
Madagascar Graphite Ltd	Mauritius	100	100
BlackEarth Minerals Madagascar SARL	Madagascar	100	100

(1) All shares held are ordinary shares. The proportion of ownership interest is equal to the proportion of voting power held.

(c) Transactions with other related parties

	2022	2021
	\$	\$
Purchase of rental and administration services from related parties	<u>63,640</u>	11,000

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

19. REMUNERATION OF AUDITOR

	2022	2021
	\$	\$
Amount paid or payable for audit or review of the financial statements	<u>33,428</u>	<u>26,391</u>

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

20. CONTINGENCIES

Madagascar Graphite Ltd - vendor fee

Upon completion of listing on the Australian Securities Exchange, the Consolidated Entity acquired the share capital of Madagascar Graphite Ltd. As a result of the acquisition, the vendor and/or its nominee(s) is entitled to receive a final cash payment of \$1,000,000 should the Company decide to mine within eight years after completion of the acquisition agreement.

Other than the above, the Consolidated Entity has no contingent assets or liabilities outstanding at end of the financial year. The Directors are not aware of any significant breaches of environmental legislation and requirements during the financial year.

21. COMMITMENTS

(a) Exploration

The Consolidated Entity has certain obligations with respect to tenements and minimum expenditure requirements in Australia.

	2022	2021
	\$	\$
Within 12 months	123,296	72,000
Between 12 months and 5 years	123,296	72,000
Total	<u>246,592</u>	<u>144,000</u>

There is no minimum exploration expenditure for tenements in Madagascar. The Consolidated Entity is obliged to pay permit fees of \$107,404 per annum (2021: \$75,000 per annum).

(b) Capital commitments

The Consolidated Entity has no capital expenditure contracted at year end (2021: \$Nil).

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. The Consolidated Entity's approach to capital management remains unchanged from 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

22. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Capital management (continued)

At the end of the financial year, the financial instruments of the Consolidated Entity are as follows:

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	5,809,297	6,565,750
Trade and other receivables	248,069	200,676
	<u>6,057,366</u>	<u>6,766,426</u>
Financial liabilities		
Trade and other payables	908,700	512,107
	<u>908,700</u>	<u>512,107</u>
Net financial instruments	<u>5,148,666</u>	<u>6,254,319</u>

The carrying values of the above financial instruments approximate their fair values due to their short-term nature.

(b) 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. Whilst the Board is responsible for risk management, 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 Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of objectives and policies. The Consolidated Entity's overall risk management focuses and seeks to minimise potential adverse impacts on the financial performance of the Consolidated Entity.

(c) Market risk

Cash flow and fair value interest rate risk

The Consolidated Entity is exposed to interest rate risk through cash and cash equivalents. Trade and other receivables and payables are non-interest bearing financial assets and liabilities. 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.

At 30 June 2022, if the interest rates had weakened/strengthened by 100 basis points from year-end rates with all other variables held constant, the loss for the year would have been \$58,093 higher/lower (2021: \$65,658).

Foreign exchange risk

Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The functional currency of the operations in Australia is the Australian dollar and that of its operations in Madagascar is the Malagasy Ariary. Transactions are primarily incurred by these operations in their functional currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

22. FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

Foreign exchange risk (continued)

BlackEarth Minerals NL (the ultimate parent entity) advances funds to its Malagasy subsidiary in the US dollars. The gains or losses on re-measurement of these intercompany fundings are not eliminated on consolidation as they form part of the net investment in foreign operations.

The Consolidated Entity's exposure to foreign exchange risk at the end of the year, expressed in Australian dollars, was as follows:

	USD \$	MGA \$	EUR \$
2022			
Financial assets			
Cash and cash equivalents	11,961	3,557	-
Trade and other receivables	-	172,489	-
	11,961	176,046	-
Financial liabilities			
Trade and other payables	1,741	216,702	10,369
	1,741	216,702	10,369
Net financial instruments	10,220	(40,656)	(10,369)
	USD \$	MGA \$	EUR \$
2021			
Financial assets			
Cash and cash equivalents	270,942	14,040	-
Trade and other receivables	-	164,216	-
	270,942	178,256	-
Financial liabilities			
Trade and other payables	40,252	259,613	42,784
	40,252	259,613	42,784
Net financial instruments	230,690	(81,357)	(42,784)

The exposure to foreign exchange risk is mitigated by having comparable assets and liabilities in the US dollars. Hence, a sensitivity analysis has not been performed.

(d) Credit risk

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.

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Cash and cash equivalents are held with recognisable banks. Other receivables are due from third parties considered credit worthy.

The carrying amounts of financial assets represent the maximum credit exposure. No impairment adjustment has been made to trade receivables for amounts determined to be unrecoverable at reporting date (2021: \$Nil).

(e) Liquidity risk

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-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2022

22. FINANCIAL INSTRUMENTS (continued)

(e) Liquidity risk (continued)

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. The maturity profiles of financial liabilities, based on contractual undiscounted amounts are as follows:

	2022	2021
	On demand or less than one year \$	On demand or less than one year \$
Trade and other payables	908,700	512,107

23. EVENTS OCCURRING AFTER THE REPORTING DATE

- On 21 July 2022, the Company announced the development of downstream graphite processing joint venture (“JV”) operation in India. The JV operation is known as Panthera Graphite Technologies Pvt Ltd. Supply of Expandable Graphite will commence in the second quarter 2023 and a binding offtake agreement has been entered into with a global downstream graphite processing leader, Grafitbergbau.
- On 29 July 2022, the Company announced that certain hurdles to which conversion of performance rights are linked have been satisfied. They relate to the Company achieving a positive feasibility study and financial investment decision in relation to its JV in India. As a result, 4,500,000 performance rights on issue vest.
- On 12 August 2022, the Company announced that one of the hurdles to which conversion of performance rights approved at the 2021 Annual General Meeting has been reached. It relates to the Company achieving a JORC compliant Mineral Resource of at least 35 million tonnes of graphite ore at a cut-off grade of 5.00%.
- On 5 September 2022, an additional 400,000 partly paid ordinary shares were fully paid to raise \$16,000 and these shares were designated as fully paid ordinary shares of BEM.
- On 7 September 2022, the Company announced the commencement of a scoping study relating to an assessment of commercial viability of processing fines from the Maniry Graphite Project into Battery Anode Material (“BAM”).

24. PARENT ENTITY INFORMATION

	2022	2021
	\$	\$
Current assets	5,953,027	6,623,321
Total assets	15,973,031	10,566,790
Current liabilities	781,662	316,588
Total liabilities	781,662	316,588
<i>Equity</i>		
Issued capital	24,294,834	17,371,915
Reserves	1,504,107	1,046,035
Accumulated losses	(10,607,572)	(8,167,748)
	15,191,369	10,250,202
Loss for the year	(2,439,824)	(3,019,680)
Total comprehensive loss for the year	(2,439,824)	(3,019,680)

The financial information presented has been prepared using accounting policies consistent with those applied in the consolidated financial statements, except for the investment in subsidiaries which are accounted for at cost in the financial statements of BlackEarth Minerals NL. As at 30 June 2022, the Company has no capital and contractual expenditure commitments in place (2021: \$Nil). Contingent liabilities are consistent with Note 20.

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:
 - (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (c) complying with International Financial Reporting Standards, as stated in Note 1 to the financial statements.
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 section 295(5) of the *Corporations Act 2001*.



Thomas Revy
Managing Director

Perth, 16 September 2022

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 ("Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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.

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Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Exploration and Evaluation Expenditure – \$5,606,642.</p> <p>(Refer to Note 11)</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. 	<p>Our procedures included but were not limited to:</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 notes to the financial statements.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Share Based Payments - \$530,362</p> <p>As disclosed in Note 15 to the financial statements, during the year ended 30 June 2022 the Consolidated Entity incurred share based payments of \$530,362.</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • the value of the transactions; • the complexities involved in the recognition and measurement of these instruments; and • the judgement involved in determining the inputs used in the valuations. 	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> • Analysing agreements to identify the key terms and conditions of share based payments used and relevant vesting conditions used in accordance with AASB Share Based Payments; • Evaluating valuation models and assessing the assumptions and inputs used; • Assessing the amount recognized during the year in accordance with the vesting conditions of the agreements; • Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; • Assessing the achievement of relevant milestones; and • Assessing the adequacy of the disclosures included in the notes to the financial statements.

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 2022 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.

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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 2022. 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.

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Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated at Perth this 16th day of September 2022

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ADDITIONAL ASX INFORMATION

The information set out below is as at 7 September 2022, pursuant to the requirements of ASX Listing Rule 4.10.

1. CORPORATE GOVERNANCE STATEMENT

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

2. SUBSTANTIAL SHAREHOLDERS

There are no shareholders with holdings greater than 5%.

3. EQUITY SECURITIES

The number of holders of each class of securities is as follows:

<u>Quoted/Unquoted</u>	<u>Class</u>	<u>Number of units</u>	<u>Number of holders</u>
Quoted	Fully paid ordinary shares	273,750,222	2,550
Unquoted	Partly paid ordinary shares	4,392,186	23
Unquoted	Partly paid ordinary shares forfeited	4,433,826	224
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	4,900,000	4
Unquoted	Performance rights	6,125,000	4
Unquoted	Performance rights	4,725,000	4
Unquoted	Performance rights	4,725,000	4
Unquoted	Performance rights	600,000	1
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

There were 434 shareholders of ordinary shares who held less than a marketable parcel of shares.

6. DISTRIBUTION OF SHAREHOLDERS

<u>Distribution of equity securities</u>	<u>Number of holders of fully paid ordinary shares</u>	<u>Number of holders of partly paid ordinary shares</u>
0-1,000	62	-
1,001 - 5,000	368	1
5,001 – 10,000	420	-
10,001 - 100,000	1,279	16
100,001 and over	421	6
TOTAL	2,550	23

7. 20 LARGEST SHAREHOLDERS

Position	Name	Number of fully paid ordinary shares held	% Held
1	BNP PARIBAS NOMS PTY LTD <DRP>	13,606,017	4.97%
2	LITHIUM AUSTRALIA LTD	13,106,571	4.79%
3	MR TOM REVY	7,810,779	2.85%
4	MR DUNCAN GERARD GOWANS & MRS JODIE LOUISE GOWANS <GOWANS SUPERFUND A/C>	7,000,000	2.56%
5	MR BILAL AHMAD	6,225,000	2.27%
6	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	4,915,689	1.80%
7	DR JOSEPH RABAR	4,092,500	1.50%
8	TALIESIN PTY LTD <THE TALIESIN A/C>	4,051,852	1.48%
9	MR GEORGE BAUK	3,180,341	1.16%
10	MS JOHANNA FAESSEN	2,800,000	1.02%
11	TEGAR PTY LTD <HEALY SUPER FUND A/C>	2,350,000	0.86%
12	CITICORP NOMINEES PTY LIMITED	2,329,041	0.85%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,234,195	0.82%
14	JHY INVESTMENTS PTY LTD	2,233,245	0.82%
15	CAPRICORN METALS LTD	2,171,583	0.79%
15	MR ADRIAN CHRISTOPHER GRIFFIN MS JOSEPHINE NORMAN <GLOBAL SUPER FUND A/C>	2,171,583	0.79%
16	MR DAVID ROUND <DAVID ROUND FAMILY A/C>	2,000,000	0.73%
16	MR ADRIAN CHRISTOPHER GRIFFIN AND MS JOSEPHINE DAWN NORMAN	2,000,000	0.73%
17	PULA HOLDINGS PTY LTD <HERATH SUPER FUND A/C>	1,963,344	0.72%
18	MR MOBEEN IQBAL	1,925,000	0.70%
19	MR KARTIKAY SHARMA	1,850,000	0.68%
20	JETOSEA PTY LTD	1,800,000	0.66%
	Total	91,816,740	33.54%

8. UNQUOTED SECURITIES

The followings are holders who held 20% or more of the unquoted securities:

<u>Class</u>	<u>Name of holder</u>	<u>Number of units held</u>	<u>% Held</u>
Partly paid ordinary shares	Thomas & Valeria Revy	2,000,000	45.54%
\$0.15 Options	Luxcarbon Rohstoff	2,250,000	50%
\$0.15 Options	Dominik George Luh Technografrit GMBH	2,250,000	50%
\$0.175 Options	Argonaut Securities Pty Ltd	4,000,000	100%

9. SCHEDULE OF MINERAL TENEMENTS

Australia			
Tenement ID	Location	State	Interest
E70/4824	Yanmah, Donnelly	WA	100%
E70/4825	Manjimup, Donnelly	WA	100%
International			
Tenement ID	Location	Country	Interest
PR25605	Maniry	Madagascar	100%
PR25606	Maniry	Madagascar	100%
PR3432	Maniry	Madagascar	100%
PR39750	Maniry	Madagascar	100%
PR39751	Maniry	Madagascar	100%
PE5394	Maniry	Madagascar	100%
PE19932	Maniry	Madagascar	100%
PE5391	Ianapera	Madagascar	100%
PE5392	Ianapera	Madagascar	100%
PE5393	Ianapera	Madagascar	100%
PE25093	Ianapera	Madagascar	100%
PE25094	Ianapera	Madagascar	100%
PE25095	Ianapera	Madagascar	100%