

Black Canyon Pty Ltd
ACN 150 714 739

INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2020

FINANCIAL REPORT

for the half year ended 31 December 2020

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DIRECTORS' REPORT

CORPORATE DIRECTORY

DIRECTORS

Graham Ascough (Non-Executive Chairman)
Brendan Cummins (Executive Director)
Adrian Hill (Non-Executive Director)
Simon Taylor (Non-Executive Director)

COMPANY SECRETARY

Jay Stephenson – appointed on 22 January 2021

REGISTERED OFFICE and PRINCIPAL PLACE OF BUSINESS

Level 4, 100 Albert Road
South Melbourne VIC 3205

AUDITORS

Hall Chadwick WA
283 Rokeby Road
Subiaco WA 6006

SHARE REGISTRY

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000

CONTACT INFORMATION

Tel: +61 3 9813 3882

DIRECTORS' REPORT

The directors of Black Canyon Pty Ltd (the **Company** or **Black Canyon**) submit herewith the financial report of the Company for the six months ended 31 December 2020 (**half-year**). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names, appointment periods and particulars of the Company directors who held office during the year and, or, since incorporation are:

Director	Position	Date Appointed	Date Resigned
Mr Graham Ascough	Non-Executive Chairman	2 Sept 2013	-
Mr Brendan Cummins	Executive Director	3 May 2013	-
Mr Adrian Hill	Non-Executive Director	4 May 2011	-
Mr Simon Taylor	Non-Executive Director	2 Sept 2013	-

The names of the secretaries in office at any time during or since the end of the year are:

Company Secretary	Position	Date Appointed	Date Resigned
Mr Jay Stephenson	Company Secretary	22 January 2021	-

Directors have been in office since 1 July 2020 up until the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

During the half-year the Company made a loss for the year after providing for income tax amounted to \$12,319 (2019: \$512).

On 23 December 2020, the Company entered into a binding heads of agreement with Carawine Resources Limited (Carawine) (Oakover Agreement). Carawine agreed to grant the Company the exclusive right to earn an interest in the Oakover Project and upon earning such interest to form a joint venture for the development and exploitation of the Oakover Project tenements on the terms set out in the Oakover Agreement.

On 23 December 2020, the Company issued performance rights as follows:

- The Team that introduced and negotiated the agreement with Carawine Resources Limited have been issued 1,000,000 performance rights related to sourcing the Oakover Project and the Company Directors have been issued 1,000,000 performance rights for their efforts in securing the transaction with Carawine Resources Limited and in lieu of directors fees during the pre-initial public offering period. These performance rights will convert into ordinary shares upon receipt of the conditional letter of approval to list on the ASX.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The Company assessed a number of new opportunities during the half-year ended 31 December 2020.

The Company is mindful that it must constantly assess new opportunities for the Company to ensure the long-term creation of shareholder value.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 4 January 2021, the Company entered into the share sale agreement to acquire Zephyr from the Shareholders of Zephyr (being, Letitia Burbury, Marney Jane Woods and Simone Elizabeth Archer), the legal and beneficial holder of the Lofty Range Project.

As consideration for the acquisition of Zephyr the Company will:

- reimburse the direct costs incurred by Zephyr in relation to the Tenements up to a maximum of \$20,000 (Reimbursement Payment). The reimbursement is subject to ASX approval;
- issue 2 million fully paid ordinary shares in Black Canyon (Consideration Shares) to the Shareholders (or their nominees) in the agreed proportions set out in the share sale agreement with the Consideration Shares to be issued as follows:
 - issue 1,000,000 Consideration Shares to be issued at Settlement (Tranche 1 Consideration Shares); and
 - issue 1,000,000 Consideration Shares (Tranche 2 Consideration Shares) to be issued on the last to occur of:
 - settlement of the acquisition; and
 - 5 days after the date on which Zephyr receives confirmation from the Department of the grant of the Tenement to Zephyr.

On 18 January 2021, the Company held a general meeting and the following resolutions were passed:

- A share consolidation where every 2 Shares would be consolidated into 1 Share in the Company;
- A change of Company Status from a Pty Ltd Company to a Limited Company; and
- Replacement of the Constitution.

On 18 January 2021, the Company raised \$510,000 through the issue of 4,449,996 (Post Consolidation) Shares at \$0.12 per Share. The lead manager of the Seed Raise was issued 200,000 Shares as a capital raising fee.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2020 has been received and can be found on page 6.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

For, and on behalf of, the Board of the Company,



Graham Ascough
Director
Date.

AUDITOR'S INDEPENDENCE DECLARATION BLACK CANYON PTY LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Black Canyon Pty Ltd.

As lead audit partner for the review of the financial report of Black Canyon Pty Ltd for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 7 March 2021

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards AASB 134: Interim Financial Reporting; and
- (b) Give a true and fair view of the financial position of the entity as at 31 December 2020 and of its performance for the six months ended on that date.

In the directors' opinion there are reasonable grounds to believe that Black Canyon 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 directors.

For, and on behalf of, the Board of the Company,



Mr Graham Ascough

Director

Date.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACK CANYON PTY LTD

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Black Canyon Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 7 March 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Interest income		160	224
Audit fees		(2,000)	-
Bank Fees		(61)	(61)
Accounting Fees		(480)	(675)
Legal fees		(6,283)	-
Exploration Expenses		(3,655)	-
Loss before income tax expense		(12,319)	(512)
Income tax (benefit)/expense		-	-
Loss after tax from continuing operations		(12,319)	(512)
Other comprehensive income		-	-
Total comprehensive loss for the year		(12,319)	(512)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents	3	57,012	60,479
Trade and other receivables	4	5,694	90
Total current assets		62,706	60,569
Non-current assets			
Other assets	6	50,000	-
Total Non-current assets		50,000	-
Total assets		112,706	60,569
Current liabilities			
Trade and other payables	5	69,637	5,181
Total current liabilities		69,637	5,181
Total liabilities		69,637	5,181
Net assets		43,069	55,388
Equity			
Issued capital	2	242,150	242,150
Accumulated losses		(199,081)	(186,762)
Total equity		43,069	55,388

The statement of financial position is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2020

	Issued capital	Accumulated losses	Total equity
	\$	\$	\$
Balance at 30 June 2020	242,150	(186,762)	55,388
Loss for the half-year	-	(12,319)	(12,319)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(12,319)	(12,319)
Balance as at 31 December 2020	242,150	(199,081)	43,069
Balance as at 30 June 2019	242,150	(118,326)	123,824
Shares issued during the year (net of costs)	-	-	-
Loss for the half-year	-	(511)	(511)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(511)	(511)
Balance as at 31 December 2019	242,150	(118,837)	123,313

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

for the six months ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,467)	(11,329)
Net cash used by operating activities	6	(3,467)	(11,329)
Cash flows from investing activities			
Payments for exploration and evaluation		-	-
Net cash generated by investing activities			
Cash flows from financing activities			
Net cash generated by financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(3,467)	(11,329)
Cash and cash equivalents at the beginning of the half-year	4	60,479	76,097
Cash and cash equivalents at the end of the half-year		57,012	64,768

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2020

GENERAL INFORMATION

Black Canyon Pty Ltd (to be renamed Black Canyon Limited) (**Black Canyon** or the “**Company**”) is a for-profit company limited by shares, domiciled and incorporated in Australia. The financial statements are presented in the Australian currency.

The nature of operations and principal activities of the Company are described in the Directors’ Report.

1. BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the company’s 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below, and the change in accounting policy as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

1.1 STATEMENT OF COMPLIANCE

The interim financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

1.2 ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values 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 considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2020

1.4 GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Black Canyon's net assets have decreased by \$12,319 from \$55,388 at 30 June 2020 to \$43,069 at 31 December 2020.

As at 31 December 2020, the Group's cash and cash equivalents decreased by \$3,467 from \$60,479 at 30 June 2020 to \$57,012 and had a work capital deficit of \$6,931 (30 June 2020: \$57,525 working capital surplus).

Subsequent to 31 December 2020, on 18 January 2021, the Company raised \$510,000 through the issue of 4,449,996 (Post Consolidation) Shares at \$0.12 per Share. The lead manager of the Seed Raise was issued 200,000 Shares as a capital raising fee.

The Directors recognise that the ability of the Company to continue as a going concern is dependent on its ability to secure additional funding through its ability to secure additional funding through debt, equity, successful exploration and subsequent exploitation of the Company's tenements and or sale of non-core assets. Should the entity be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2. ISSUED CAPITAL

	31 Dec 2020		30 June 2020	
	No.		No.	
Fully paid ordinary shares	14,567,661		14,567,661	

	31 Dec 2020		30 June 2020	
	No.	\$	No.	\$
Balance at beginning of the year	14,567,661	242,150	14,567,661	242,150
Shares issued		-		-
Share issue costs	-	-	-	-
Balance at end of the year	14,567,661	242,150	14,567,661	242,150

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

3. CASH AND CASH EQUIVALENTS

	31 Dec 2020	30 June 2020
	\$	\$
Cash and cash equivalents	57,012	60,479

4. TRADE AND OTHER RECEIVABLES

	31 Dec 2020	30 June 2020
	\$	\$
Other receivables - GST Recoverable	5,694	90
	5,694	90

5. TRADE AND OTHER PAYABLES

	31 Dec 2020	30 June 2020
	\$	\$
Other payables ⁽ⁱ⁾	62,638	181
Accrued expenses	7,000	5,000
	69,638	5,181

⁽ⁱ⁾Other payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2020

6. OTHER ASSETS

	31 Dec 2020	30 June 2020
	\$	\$
Option fee	50,000	-

The Company entered into a binding Heads of Agreement with Carawine Resources Ltd on 23 December 2020 and in consideration for a non-refundable payment of \$50,000, Carawine will grant the Company the sole and exclusive right to the terms and arrangements entered into.

7. COMMITMENTS AND CONTINGENT LIABILITIES

7.1 COMMITMENTS

No commitments exist as at the date of this report.

7.2 CONTINGENT ASSETS AND LIABILITIES

7.2.1 CONTINGENT LIABILITIES

No contingent liabilities exist as at the date of this report.

7.2.2 CONTINGENT ASSETS

No contingent assets exist as at the date of this report.

8. SUBSEQUENT EVENTS

On 4 January 2021, the Company entered into the share sale agreement to acquire Zephyr from the Shareholders of Zephyr (being, Letitia Burbury, Marney Jane Woods and Simone Elizabeth Archer), the legal and beneficial holder of the Lofty Range Project.

As consideration for the acquisition of Zephyr the Company will:

- reimburse the direct costs incurred by Zephyr in relation to the Tenements up to a maximum of \$20,000 (Reimbursement Payment). The reimbursement is subject to ASX approval;
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NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2020

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- A share consolidation where every 2 Shares would be consolidated into 1 Share in the Company;
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