BLACK MOUNTAIN EXPLORATION AUSTRALIA PTY LTD

ABN: 70 634 761 014

Financial Report

For the period 9 July 2019 to 31 December 2019

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DIRECTORS REPORT

For the period 9 July 2019 to 31 December 2019

The directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Black Mountain Exploration Australia Pty Ltd and the entity it controlled at the end of or during the period ended 31 December 2019.

1. Corporate Information

Black Mountain Exploration Australia Pty Ltd ("BMA" or "the Company") is a company limited by shares that is incorporated and domiciled in Australia. The Company was incorporated on 9 July 2019.

2. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name	Position(s)	Appointed
John Rhett Miles Bennett	Director and Chief Executive Officer	9 July 2019
Ashley Elizabeth Zumwalt-Forbes	Director and President	9 July 2019
Dean Stephen Hildebrand	Director and Chief Financial Officer	9 July 2019(1)
Samantha Kay Richardson	Director and Chief Operating Officer	31 August 2021

(1) Resigned 31 August 2021

3. Principal Activities

The principal activities of entities within the consolidated group during the course of the financial year were:

- Seeking investment and development opportunities in oil and gas, deploying capital in exploration.

There has been no significant change in the nature of those activities during the period.

4. Financial Position and Performance

This is the first set of the Company's annual financial statements and therefore has no comparable results from prior years.

- Reported net loss after tax $1.182m, including $0.741m of exploration expenses, and $0.390m of administration and corporate expenses.
- Net operating cash outflows from during the period were $0.793m. There was no production during the period while the Valhalla project remained in appraisal stage.
- Net investing cash outflows were $14.952m. $14.946m of these outflows related to the acquisition of the Valhalla project.
- Net financing inflows of $18.180m related to proceeds from additional paid in capital from the ultimate parent, BM Canning LLC.

DIRECTORS REPORT

For the period 9 July 2019 to 31 December 2019

Review of Operations

Corporate

- In September 2019, the Company acquired the Valhalla project from Mitsubishi Corporation Resources Australia ("MCRA") by acquiring all the shares in Diamond Resources (Canning) Pty Ltd subsequently renamed to Bennett Resources Pty Ltd.

There were no production or development activities during the financial year. Exploration and evaluation activities occurred during the financial year.

5. Dividends

No dividend was declared for the period ended 31 December 2019.

6. Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company other than those listed above.

7. Significant Events after Reporting Date

The emergence of the Coronavirus disease (COVID-19) during the first months of 2020 has had a significant impact on financial markets, with broader economic and social disruption now evident and anticipated to continue in the near-term. As at the date of this report, COVID-19 has had no significant impact on the operations of the Group. The impact of COVID-19 on the Group in future periods is currently uncertain.

20,112,882 ordinary shares were issued to BM Canning LLC on 27 September 2021 for the $20,112,882 additional share capital funding provided for the period covering 10 July 2021 to 31 August 2021. The additional share capital funding provided post balance sheet is $1,932,571.

3,353 ordinary shares were issued to Black Mountain Land Company LP on 28 September 2021 for $3,353 consideration.

Black Mountain Exploration Pty Ltd entered an office lease agreement on 14 September 2021, located in Perth CBD. The lease has a 3-year term commencing 1 November 2021. The rental commitment is $209,898 with estimated outgoings of $128,196 over the 3-year term.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The Company continues to evaluate the future work program.

8. Likely Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

DIRECTORS REPORT

For the period 9 July 2019 to 31 December 2019

9. Environmental regulation

The consolidated entity is subject to environmental regulation under relevant Australian and Western Australian legislation in relation to its oil and gas exploration and production activities. The Department of Mines and Petroleum (DMP) is the primary regulator in Western Australia for petroleum activities though the Group's activities are also regulated by the Western Australian Department of Environment Regulation (DER) and Western Australian Department of Water (DOW). The Directors actively monitor compliance with these regulations. As at the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

10. Indemnification and Insurance of Officers and Auditors

The Company maintains an insurance policy for its directors and officers against certain liabilities arising as a result of work performed in the capacity as directors and officers. The Company has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

Indemnification of auditors

The Company has not indemnified the auditor or made a relevant agreement for indemnifying against a liability.

11. Directors interests

The relevant interest of each director in the shares, debentures, interest in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares	Rights over ordinary shares
John Rhett Miles Bennett	-	-	-
Ashley Elizabeth Zumwalt-Forbes	-	-	-
Dean Stephen Hildebrand	-	-	-
Samantha Kay Richardson	-	-	-

DIRECTORS REPORT

For the period 9 July 2019 to 31 December 2019

12. Share Options

(i) Options Granted to Directors and Officers of the Company

During or since the end of the financial year, no options have been granted to directors or officers of the Company.

(ii) Unissued Shares under Options

At the date of this report there were no unissued ordinary shares of the Company under option.

(iii) Shares Issued on Exercise of Options

No option holder has any right under the options to participate in any share share issue of the Company or any other body corporate.

During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

13. Rounding

The Company is of a kind specified in Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that instrument, amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report is made out in accordance with a resolution of the directors:

J.R.M. Bennett
Director

Fort Worth, Texas
4 OCTOBER 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 9 JULY 2019 TO 31 DECEMBER 2019

	Note	9 July 2019 to 31 December 2019 $'000
Revenue		-
Exploration expenditure	4	(741)
Administration and other corporate expenses	4	(390)
Finance costs	4	(51)
Profit/(Loss) before income tax		**(1,182)**
Tax Benefit/(Expense)	17	**-**
Profit/(Loss) for the period		**(1,182)**
Other comprehensive Income/(Loss)		-
Total Comprehensive Profit/ (Loss) for the period		**(1,182)**
Total comprehensive income/(loss) attributable to:		
Owners of the company		**(1,182)**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 December 2019 $'000
Current Assets		
Cash and Cash Equivalents	11	2,383
Receivables	5	71
Other Current Assets	18	319
Total Current Assets		**2,773**
Non Current Assets		
Property, Plant and Equipment	7	6
Exploration and Evaluation Expenditure	6	17,265
Other Non Current Assets	18	8
Total Non Current Assets		**17,279**
Total Assets		**20,052**
Current Liabilities		
Payables	8	324
Provisions	9	7
Total Current Liabilities		**331**
Non Current Liabilities		
Provisions	9	2,723
Total Non Current Liabilities		**2,723**
Total Liabilities		**3,054**
Net Assets		**16,998**
Equity attributable to equity holders of the parent		
Contributed Equity	19	18,180
Accumulated losses	10	(1,182)
Total Equity		**16,998**

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 9 JULY 2019 TO 31 DECEMBER 2019

	Note	Contributed Equity $'000	Accumulated Profits/ (Losses) $'000	Total Equity $'000
Balance as at 9 July 2019		-	-	-
Loss for the period	**10**	-	(1,182)	(1,182)
Total Comprehensive Income for the period, net of tax		-	(1,182)	(1,182)
Transactions with owners				
Shares issued		-	-	-
Additional paid in capital		18,180	-	18,180
Balance as at 31 December 2019		**18,180**	**(1,182)**	**16,998**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 9 JULY 2019 TO 31 DECEMBER 2019

	Note	31-Dec-19 $'000
Cash Flows from Operating Activities		
Payments to Suppliers and Employees		(52)
Payments for Exploration Expenditure	4	(741)
Net Cash Flows used in Operating Activities	11	(793)
Cash Flows from Investing Activities		
Payments for Property, Plant and Equipment	7	(6)
Acquisition of Exploration Areas	16	(14,946)
Net Cash flows used in Investing Activities		(14,952)
Cash Flows from Financing Activities		
Proceeds from additional paid in capital	19	18,180
Net Cash Flows from Financing Activities		18,180
Net Increase in Cash and Cash Equivalents		**2,435**
Cash and Cash Equivalents as at 9 July 2019		-
Effects of exchange rate changes on Cash and Cash Equivalents		(52)
Cash and Cash Equivalents at the end of the year		**2,383**
Cash and Cash Equivalents comprise of the following:		
Cash at Bank and Cash on Hand		**2,383**

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 1: REPORTING ENTITY

Black Mountain Exploration Australia Pty Ltd (the "Company" or "BMA") is a company domiciled in Australia and was incorporated on 9th July 2019. The address of the Company's registered office is Level 9, 40 The Esplanade, Perth WA Australia. The ultimate parent of the Company is BM Canning LLC.

The Company is a for-profit entity and primarily is involved in:

- The acquisition and development of natural resources projects; and
- exploration for and production of oil and gas.

The financial information in these consolidated financial statements is for the period since incorporation to 31 December 2019, hence there is no comparative information.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Accounting and Measurement

The consolidated financial statements comprise the Company and the entity it controlled (together referred to as "the Group"). The consolidated financial statements of the Group are General Purpose Financial Statements and have been prepared for the purpose of providing historical financial information of the Group in relation to the Directors due diligence in connection with an Initial Public Offering. The financial statements have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board. The financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

This is the first year financial statements of the Group have been presented in accordance with Australian Accounting Standards. As a result, the Group has applied AASB 1 *First-Time adoption of Australian Accounting Standards* from 1 January 2018. No adjustments were recognised on adoption of AASB 1 *First-time adoption of Australian Accounting Standards*.

The financial statements have been prepared on the historical cost basis.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Functional and Presentation Currency

The financial report has been prepared in Australian dollars which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(C) Going Concern

The consolidated 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 normal course of business.

For the year ended 31 December 2019, the Company has incurred a loss before income tax of $1,182,000 and has negative cashflow from operating activities of $793,000 for the period. As at 31 December 2019 the Company has a net current assets of $2,442,000 and net assets of $16,998,000.

The Company has invested in the exploration and evaluation of its Canning Basin tenements in anticipation of progressing towards development of a gas production facility. The Company requires additional funding to continue its planned expanded exploration and evaluation activities and the directors have prepared a cash flow forecast for the next 12 months which indicates the company will have sufficient funds available to it to continue as a going concern, subject to planned fund raising activities. The Board continue to evaluate fund raising options and planned equity raising initiatives, including a potential Initial Public Offering, which are draft, indicative, not formally executed and are subject to future financial market conditions present at the time those initiatives are executed.

In the event the Company is unable to avail of these planned fund raising initiatives, including a planned equity raise initiative for their expanded exploration and evaluation program, the directors have prepared a curtailed cash flow forecast for the next 12 months which indicates the company will have sufficient funds available to it to continue as a going concern, subject to support from their parent and its major shareholder. The Company's ultimate parent entity has provided a letter of financial support confirming that it is aware of the obligation of the Company and it will provide sufficient financial support in the form of equity injection to enable the Company to meet its obligations as and when they become due and payable for the next 12 months.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(D) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BMA as at 31 December 2019. BMA and its subsidiaries, Black Mountain Exploration Pty Ltd and Bennett Resources Pty Ltd, are referred to in this financial report as the "Group".

Control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group ***controls*** an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(E) Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Foreign Currency Translation (continued)

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(F) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

(ii) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(F) Income Tax (continued)

Tax exposures
In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Tax consolidation legislation
BMA and its wholly-owned Australian controlled entities have entered into a tax consolidated group during the period ended 31 December 2019.

Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(G) Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial Instruments (continued)

(1) Classification and Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's financial assets are all classified at FVTPL.

Financial Assets – Subsequent Measurement and Gains and Losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derocognition is also recognised in profit or loss.

(2) Fair Values

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.
Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial Instruments (continued)

(3) Derecognition

(i) Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(ii) Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(5) Risk Overview

The Group has exposure to the following risks from their use of financial instruments including; Credit risk, Liquidity risk and Market risk. This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitor and manage the financial risks relating to the operations of the Group through regular review.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial Instruments (continued)

(i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

Investments, banks and financial institutions

The Group limits its exposure to credit risk by only transacting with high credit quality financial institutions. The Group had cash and cash equivalents of $2,383,000 that were held with bank and financial institution counterparties which are rated A to AA-, based on Standard and Poor's ratings.

Trade and other receivables

As the Group operates in the oil and gas exploration sector, the Group generally does not have trade receivables, therefore is not generally exposed to credit risk in relation to trade receivables. Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the reporting date there are generally no significant concentrations of credit risk other than the transaction disclosed above.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also manages liquidity risk by producing monthly cash-flow forecasts for the current financial year to ensure that there is a clear and up-to-date view of the short term to medium term funding requirements. These are regularly reviewed by management where the implications on funding requirements and the possible sources of those funds are discussed, decisions taken when necessary and action taken to secure funding if required. The Group manages liquidity risk by maintaining adequate reserves through continuous monitoring of forecast and actual cash flow and arranging necessary funding from its parent entity.

The remaining contractual maturities of the Group's financial liabilities, including future finance costs, are:

	Carrying Amount	6 Months or Less
	A$'000	A$'000
Payables	324	324
Total Payables	324	324

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial Instruments (continued)

(iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(iv) Currency Risk

The Group is exposed to currency risk on cash that is denominated in a currency other than the functional currency of Group entities, the Australian Dollar (AUD). The currency in which these transactions are denominated are United States Dollars (USD).

Exposure to currency risk

The Group's exposure to foreign currency risk at reporting date was as follows:

	USD A$'000	Total A$'000
Financial Assets		
Cash	2,287	2,287
Gross Statement of Financial Position Exposure	**2,287**	**2,287**

Foreign exchange risk arises from future commitments, financial assets and financial liabilities that are not denominated in US dollars. The Group is exposed to foreign currency risk arising from operating and capital expenditure incurred in currencies other than Australian dollars., namely US dollar. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position. A reasonably possible change in the exchange rate of the US dollar to the Australian dollar (+5%/-5%), with all other variables held constant, would not have a material impact on the Group's equity or the profit or loss in the current period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Financial Instruments (continued)

(ii) Interest Rate Risk

The Group is not materially exposed to interest rate risk.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

31-Dec-19	**Non Interest Bearing**	**Total**	**Average Interest Rate Fixed**
	$'000	**$'000**	**%**
Financial Assets			
Cash	2,383	2,383	-
Receivables	71	71	-
	2,454	2,454	
Financial Liabilities			
Payables	324	324	-
	324	324	

(H) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(H) Business Combination (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(I) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of successful wells and the costs of acquiring interests in new exploration assets, which are capitalised as intangible exploration and evaluation. The costs of wells are initially capitalised pending the results of the well.

An area of interest refers to an individual geological area where the presence of oil or a natural gas field is considered favourable or has been proved to exist, and in most cases will comprise an individual prospective oil or gas field.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Exploration and Evaluation Expenditure (continued)

Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

(a) such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
(b) the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest is continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment exists:

(a) tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is not budgeted or planned; or
(c) exploration for and evaluation of resources in the specific area has not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
(d) sufficient data exist to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, and any resultant impairment loss is recognised in the income statement. When a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil and gas assets – assets in development.

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(J) Property, Plant and Equipment

(i) Cost and Valuation

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

(ii) Depreciation

Depreciation is provided on a straight-line basis on all property plant and equipment other than land.
Major depreciation periods are:

Asset	Life	Method
Buildings	40 years	Straight line
Leasehold improvements	2 – 6 years	Straight line
Motor vehicles	3 years	Straight line
Plant and equipment	2 – 30 years	Straight line

(K) Oil and Gas Assets

The estimated quantities of proved and probable hydrocarbon reserves and resources reported by the group are integral to the calculation of amortisation (depletion), depreciation and assessments of possible impairments. Estimated reserves and resources quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves and resources. Management prepare estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves and resources may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Assets in Development

The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings.

When the committed development expenditure programs are completed and production commences, these costs are subject to amortisation. Once the required statutory documentation for a Production Licence is received the accumulated costs are transferred to oil and gas assets – producing assets.

(L) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3-months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts (if applicable) are shown within borrowings in current liabilities in the balance sheet.

(M) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the amount initially recognised, minus repayments whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(N) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost. The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(O) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(P) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Provisions for decommissioning and restoration costs

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the present value of the estimated future cost is capitalised by increasing the carrying amount of the related property plant and equipment. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

The carrying amount capitalised in property plant and equipment is depreciated over the useful life of the related producing asset.

Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(Q) New Accounting Standards and Interpretations

(i) From inception the Group has adopted all new and revised Australian Accounting Standards and Interpretations mandatory for reporting periods beginning on or after 1 January 2019.

(ii) The following new accounting standards have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the period ending 31 December 2019:

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 3	Definition of a Business	AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business clarifies the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. - The new business owner is narrower - There is a new optional asset concentration test - New considerations have been incorporated to help identify when an acquired process is substantivfe.	1 January 2020	1 January 2020
AASB 101	Presentation of Financial Statements	AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material clarifies the definition of 'material' and its application across AASB standards and other pronouncements. The principal amendments are to AASB 101 Presentation of Financial Statements.	1 January 2020	1 January 2020

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(Q) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application date of standard	Application date for Group*
2019-1 Amendments to Australian Accounting Standards	References to the Conceptual Framework	Consequential amendments to Australia Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the new Conceptual Framework by AASB. The amendments permit entities not applying the New Conceptual Framework to continue using the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 (Framework) and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* to determine whether they are a reporting entity that needs to prepare general purpose financial statements that comply with Australian Accounting Standards or are able to continue to prepare special purpose financial statements until the next phase of the project is implemented.	1 January 2020	1 January 2020
AASB 2014-10 Amendments to Australian Accounting Standards	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments require the full gain or loss to be recognised when the assets transferred meet the definition of a 'business' under AASB 3 (whether housed in a subsidiary or not). AASB 2017-5 defers the mandatory effective date of amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018.	1 January 2022	1 January 2022

*The impact of the adoption of these new and revised standards and interpretations on the financial statements of the Group is determined to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 3: SEGMENTS

	EXPLORATION $'000	CORPORATE $'000	TOTAL $'000
REVENUE			
TOTAL Revenue	-	-	-
EXPENDITURE			
Depreciation of fixed assets	-	-	-
Total Other Operating Costs	**-**	-	-
GROSS PROFIT	**-**	**-**	**-**
CORPORATE / ADMIN COSTS			
Staff costs	-	(10)	(10)
Other corporate/admin costs	-	(141)	(141)
BMM Management Fee	-	(239)	(239)
TOTAL Corporate / Admin Costs		**(390)**	**(390)**
TOTAL Exploration Expenditure	(741)	-	(741)
TOTAL Finance Costs	0	(51)	(51)
TOTAL OPERATING RESULT	**(741)**	**(441)**	**(1,182)**
NET PROFIT/ (LOSS) Attributable to Members of the Parent	**(741)**	**(441)**	**(1,182)**

For management purposes, the Group has one organised strategic unit:

- Oil & Gas Exploration in Australia

This operating unit has been determined by the nature of risks and returns associated with this business segment, being Oil and Gas Exploration within Australia.

The analysis above reflects the activities undertaken by the Group. The information above is derived directly from the internal financial reporting system, which is used by management to monitor and evaluate ongoing performance. It best describes the way in which the Group is managed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 4: CORPORATE, ADMINISTRATION AND EXPLORATION EXPENSES

	31-Dec-19 $'000
(a) Administration and Other Corporate Expenses	
Corporate and Administration Expenses	151
Management and Technical Services Fees (note 16)	239
Total Administration and Other Corporate Expenses	**390**
(b) Finance Costs	
Unrealised foreign Exchange Profit/ (Loss)	51
Total Finance Costs	**51**
(c) Exploration Expenditure	
Exploration Expenses	741
Total Exploration Expenditure	**741**

NOTE 5: RECEIVABLES

	31-Dec-19 $'000
Current Receivables	
Sundry debtors (a)	71
Total Current Receivables	**71**

(a) Current sundry debtors are non-interest bearing and are generally on 30-day terms. A provision for expected credit losses is recognised when there is objective evidence that the Group may not be able to collect all amounts due according to original terms of the transaction. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

As at 31 December 2019, the aging analysis of current and non-current sundry debtors is as follows:

0-30 Days	71
Total Sundry Debtors due within 30 Days	**71**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-19 $'000
Exploration and Evaluation (at cost)	
Balance at the beginning of the period	-
Expenditure incurred during the period	4
Acquired during the period (note 16)	17,261
Balance at the end of the period	**17,265**

NOTE 7: PROPERTY PLANT AND EQUIPMENT

Property Plant and Equipment	Plant & Equipment	Office Equipment	Total
	$'000	$'000	$'000
Balance at the beginning of the period	-	-	-
Acquisition of Assets during the period	5	-	5
Additions during the period	-	1	1
Balance as at 31 December 2019 (net)	**5**	**1**	**6**
Balance as at 31 December 2019			
Cost	5	1	6
Net Carrying Amount	**5**	**1**	**6**

NOTE 8: PAYABLES

	31-Dec-19 $'000
Current Payables	
Trade Creditors and Accruals (a)	324
Total Current Payables	**324**

(a) Payables are non-interest bearing and generally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 9: PROVISIONS

	31-Dec-19
	$'000
Current Provisions	
Employee entitlements	3
Withholding taxes	4
Total Current Provisions	**7**
Non Current Provisions	
Site restoration (a)	2,723
Total Non Current Provisions	**2,723**
Total Provisions	**2,730**

(a) Site Restoration	
Balance on inception	-
Provision recognised on acquisition of Bennett Resources Pty Ltd	2,723
Balance as at 31 December 2019	**2,723**

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the present value of the estimated future cost is capitalised by increasing the carrying amount of the related property plant and equipment. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

The carrying amount capitalised in property plant and equipment is depreciated over the useful life of the related producing asset.

Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

A discount rate of 0.88% was applied during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 10: RETAINED EARNINGS / (ACCUMULATED LOSSES)

	31-Dec-19 $'000
Retained Earnings / (Accumulated Losses) as at 9 July 2019	-
Net Loss incurred during the reporting period	(1,182)
Accumulated Losses as at 31 December 2019	**(1,182)**

NOTE 11:

(i) CASH AND CASH EQUIVALENTS

	31-Dec-19 $'000
Bank balances as at 31 December 2019	2,383
Cash and Cash Equivalents on the Consolidated Statement of Financial Position and Cash Flows	**2,383**

(ii) CASH FLOW

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Reconciliation of net loss from continuing operations after income tax to the net operating cash flows:

	31-Dec-19 $'000
Net Profit/ (Loss) after Income Tax	(1,182)
Add/(deduct):	
Decrease/(increase) in Receivables	(71)
Decrease/(increase) in Prepayments	77
(Decrease)/increase in Payables	376
(Decrease)/increase in Operating Provisions	7
Net Operating Cash Flows	**(793)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 12: AUDITOR REMUNERATION

	31-Dec-19
	$'000
Audit Services	31
Taxation planning advice and review and other services	68
Total Auditor Remuneration	99

NOTE 13: SUBSIDIARY

Black Mountain Exploration Pty Ltd and Bennett Resources Pty Ltd are the controlled entities during the period and have been included in the consolidated accounts. All entities in the consolidated group conduct business in Australia.

Name of Controlled Entity and Country of Incorporation	Company Holding the Investment	Percentage of Shares Held by Consolidated Entity (%)
Black Mountain Exploration Pty Ltd, Australia.	Black Mountain Exploration Australia Pty Ltd	100%
Bennett Resources Pty Ltd, Australia (formerly Diamond Resources Canning Pty Ltd)	Black Mountain Exploration Pty Ltd	100%

NOTE 14: RELATED PARTIES

The table below details the dual positions held by key executive personnel across the ultimate parent, BM Canning LLC, Black Mountain Exploration Australia (BMA) Group and Black Mountain Metals (BMM) Group during the reporting period.

COMPANY	DIRECTOR/ EXECUTIVE POSITION HELD
BMA GROUP – Black Mountain Exploration Australia Pty Ltd Black Mountain Exploration Pty Ltd Bennett Resources Pty Ltd	John Rhett Miles Bennett (Director & CEO) Ashley Elizabeth Zumwalt-Forbes (Director & President) Dean Hildebrand (Director & Co Sec)* Samantha Kay Richardson (Director & COO)**
RELATED PARTY – BMM GROUP Black Mountain Metals Pty Ltd	John Rhett Miles Bennett (Director & CEO) Ashley Elizabeth Zumwalt-Forbes (Director & President) Declan Thomas Franzmann (Director & COO) Dean Hildebrand (Director, CFO & Co Sec)
RELATED PARTY – ULTIMATE PARENT BM Canning LLC	John Rhett Miles Bennett (Manager)

* Resigned as company secretary on 19 August 2021. Resigned as director 31 August 2021.
** Appointed as director 31 August 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 14: RELATED PARTIES (CONTINUED)

(a) Transactions with Related Parties – Key Management Personnel

Key Management Personnel hold identical executive positions on the board of Black Mountain Metals.
Mr. Hildebrand was paid monthly through Black Mountain Metals. Mr. Bennett and Ms. Zumwalt–Forbes do not draw a salary from any Australian domiciled entity.

(b) Transactions with Related Parties – Black Mountain Metals

The Company entered into a Service Agreement with Black Mountain Metals ("BMM") to provide General and Administrative Services throughout the reporting period. The agreement was signed and executed on 10 July 2019.

Black Mountain Metals and the Company share the office premises located at Level 9, 40 The Esplanade, Perth 6000. The service agreement dictates how the company will be on-charged for office administration and rental charges. The Service Agreement further defines the calculations and conditions applicable for the on-charge of staff and associated contractor fees. These quarterly charges include oncosts for Mr. Hildebrand.

The following transaction occurred with related parties:

	31-Dec-19
	$'000
Black Mountain Metals	
Services/ Management Fee	239
Services provided for the Acquisition of Canning Basin Asset	151
Total Service Fee and Charges from Black Mountain Metals	**390**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 15: PARENT ENTITY

STATEMENT OF FINANCIAL POSITION FOR BLACK MOUNTAIN EXPLORATION AUSTRALIA PTY LTD
AS AT 31 DECEMEBER 2019

	2019 $
Current Assets	
Cash	-
Total Current Assets	-
Non Current Assets	
Investment in Black Mountain Exploration Pty Ltd	100
Non interest bearing loan due from Black Mountain Exploration Pty Ltd	18,180,311
Total Non Current Assets	18,180,411
Total Assets	18,180,411
Current Liabilities	
Payables	-
Total Current Liabilities	-
Non Current Liabilities	
Payables	-
Total Non Current Liabilities	-
Total Liabilities	-
Net Assets	18,180,411
Equity Attributable to Equity holders of the Parent	
Contributed Equity	18,180,411
Retained earnings	-
Total Equity	18,180,411

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 16: ACQUISTION OF DIAMOND RESOURCES CANNING PTY LTD (DCR)

The net effect of the adjustments made to the value of assets and liabilities, as included in the 31 December 2019, on the asset acquisition of DCR (now Bennett Resources Pty Ltd) are as follows:

	$ '000
Diamond Resources Canning Assets and Liabilities	
Amounts settled in Cash	14,946
Total	14,946
Recognised amounts of Net Assets	
Current Assets	
Prepayments	403
Total Current Assets	**403**
Non - Current Assets	
Plant & Equipment	5
Exploration & Evaluation on Acquisition	17,261
Total Non-Current Assets	**17,266**
Recognised amounts of Net Liabilities	
Total Current Liabilities	**-**
Non-Current Liabilities	
Provision for Site Restoration	2,723
Total Non-Current Liabilities	**2,723**
Net Assets Acquired	**14,946**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 17: TAXATION

	31-Dec-19 $ '000
Current Income Tax	-
Current Income Tax	**-**
Deferred Income Tax	-
Deferred Income Tax	**-**

Reconciliation between Tax Expense and Prima facie tax payable	(1,182)
Profit/ (Loss) before tax from continuing operations	
Prima facie income tax Expense/(Benefit) on accounting profit at 27.5%	(325)
Permanent adjustments	3
Deferred tax asset not recognised	322
Income Tax Expense	-

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

- Carried forward tax losses	321
- Others	1
Total Unrecognised Deferred Tax Assets	322

NOTE 18: PREPAYMENTS

	31-Dec-19 $ '000
Prepayments	
Utilise within 12 months	319
Utilise beyond 12 months	8
Total Prepayments	**327**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 19: CONTRIBUTED EQUITY

Issued Shares

	31-Dec-19
	$'000
(A) Movements in Contributed Equity, net of issuing costs	
Balance at the beginning of the period	-
Additional paid in capital	18,180
Balance as at 31 December 2019	**18,180**

100 Ordinary Black Mountain Exploration Australia Pty Ltd Shares valued at $100 were issued at the time of incorporation, 9 July 2019. Additional paid in capital of $18,180,311 during the period. BM Canning LLC holds 100% of these shares.

(B) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(C) Capital management

The Group is not subject to any externally imposed capital requirements.

NOTE 20: EXPLORATION EXPENDITURE COMMITMENTS

The Consolidated Entity has the following minimum exploration expenditure commitments: The following amounts are due:

	31-Dec-19
	$ '000
Within one year	-
Later than one year but not later than three years	1,000
Later than three years but not later than five years	8,000
	9,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

NOTE 21: SUBSEQUENT EVENTS

The emergence of the Coronavirus disease (COVID-19) during the first months of 2020 has had a significant impact on financial markets, with broader economic and social disruption now evident and anticipated to continue in the near-term. As at the date of this report, COVID-19 has had no significant impact on the operations of the Group. The impact of COVID-19 on the Group in future periods is currently uncertain.

20,112,882 ordinary shares were issued to BM Canning LLC on 27 September 2021 for the $20,112,882 additional share capital funding provided for the period covering 10 July 2021 to 31 August 2021. The additional share capital funding provided post balance sheet is $1,932,571.

3,353 ordinary shares were issued to Black Mountain Land Company LP on 28 September 2021 for $3,353 consideration.

Black Mountain Exploration Pty Ltd entered an office lease agreement on 14 September 2021, located in Perth CBD. The lease has a 3-year term commencing 1 November 2021. The rental commitment is $209,898 with estimated outgoings of $128,196 over the 3-year term.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The Company continues to evaluate the future work program.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 JULY 2019 to 31 DECEMBER 2019

MANAGEMENTS' ASSERTION

In managements' opinion:

- the Company is not a reporting entity
- the financial statements and notes, set out on pages 6 to 38:
  i) present fairly the financial position of the Company as at 31 December 2019 and its performance, as represented by the results of its operations and its cash flows, for the periods ended on those dates in accordance with the statement of compliance and basis of preparation described in Note 2(A), and
  ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2(A), and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

The Company has kept such accounting records that correctly record and explain its transactions and financial position.

The Company has kept its accounting records so that the financial statements that are presented fairly can be prepared from time to time, and

The Company has kept its accounting records in accordance with the Corporations Act 2001 so that the financial report of the Company can be conveniently and properly audited.

Attention should be drawn to Note 2(A) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

John Rhett Miles Bennett
Chief Executive Officer

Fort Worth, Texas
4 OCTOBER 2021

Independent Auditor's Report

To the Directors of Black Mountain Exploration Australia Pty Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Black Mountain Exploration Australia Pty Ltd (the Company).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the ***Group*** as at 31 December 2019, and of its financial performance and its cash flows for the period 9 July 2019 to 31 December 2019, in accordance with *Australian Accounting Standards.*

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2019.
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the period 9 July 2019 to 31 December 2019.
- Notes including a summary of significant accounting policies.
- Management's Assertion Statement.

The **Group** consists of the Company and the entities it controlled at the period-end or from time to time during the period 9 July 2019 to 31 December 2019.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of Black Mountain Exploration Australia Pty Ltd for the purpose of providing historical financial information on the Group and for the Directors' due diligence in connection to a potential Initial Public Offering.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of Black Mountain Exploration Australia Pty Ltd and should not be used by or distributed to parties other than the Directors of Black Mountain Exploration Australia Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors of Black Mountain Exploration Australia Pty Ltd or for any other purpose than that for which it was prepared.

Responsibilities of Management for the Financial Report

Management are responsible for:

- The preparation and fair presentation of the Financial Report in accordance with *Australian Accounting Standards* and have determined this is appropriate to meet the needs of the Directors for the purpose of their due diligence in relation to a potential Initial Public Offering.
- Implementing necessary internal control to enable the preparation of the Financial Report that is free from material misstatement, whether due to fraud or error.
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG
Perth
4 October 2021