



BLACK CANYON

and its controlled entities

2023

HALF YEARLY REPORT

For the half year ending 31st December 2022

ASX:BCA

blackcanyon.com.au



FINANCIAL REPORT

for the half year ended 31 December 2022

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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

Head Office and Registered Office

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Subiaco WA 6008
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Share Registry

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PERTH WA 6000

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Auditor

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

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the Company and its controlled entities, for the six months ended 31 December 2022.

The names, appointment periods and particulars of the Company directors who held office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

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 half 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 2022 up until the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

During the half-year the Company made a loss for the period after providing for income tax that amounted to \$1,021,956 (2021: \$425,187).

Black Canyon Limited ("Black Canyon" or the "Company") is focused on exploring and developing manganese projects located in the mineral Pilbara region of Western Australia. The Company holds 75% in, and is manager of the Carawine joint venture with ASX listed Carawine Resources Limited (ASX:CWX). The Carawine JV, which includes Black Canyon's flagship Flanagan Bore Manganese Project, covers approximately 800km² of tenure in Western Australia, located south of the operating Woodie-Woodie manganese mine and northeast of Element 25's Butcherbird mine, providing a large footprint in a proven and producing manganese province.

Black Canyon has also been granted or acquired other exploration licenses adjacent to the Carawine JV Projects that increase the total land holdings to over 2,400km².

Manganese continues to have attractive fundamentals with growing utilisation in the battery mineral sector and challenging supply conditions. Black Canyon has also commenced testwork to produce battery grade, high purity manganese sulphate (HPMSM) suitable for use in the cathodes of lithium ion batteries widely used in electric vehicles. The Company has recognised that downstream processing of manganese oxide concentrates into HPMSM provides significant upside and value add potential as the demand for electric vehicles continues to grow.

CARAWINE JV (Black Canyon 75%)

FLANAGAN BORE SCOPING STUDY CONFIRMS ROBUST PROJECT ECONOMICS

During the reporting period, Black Canyon announced positive Scoping Study results completed in conjunction with BatteryLimits Pty Ltd and selected independent consultants into the potential development of the Flanagan Bore Manganese Project (ASX announcement dated 18 August, 2022).

The Scoping Study showed a 20-year mine life, strong cashflow and solid returns, with a low capital start up requirement to produce manganese concentrate based from the May 2022 Indicated Mineral Resource Estimate (MRE) of 104Mt @ 10.5% Mn containing 11Mt of manganese, including a higher-grade subset, comprising 33Mt @ 12.8% Mn (Indicated) across the FB3 and LR1 deposits. Subsequent to the Scoping Study the Mineral Resource for Flanagan Bore was updated in November 2022 to 171Mt @ 10.3% Mn Measured and Indicated (described below).

The Scoping Study was based on developing a mine approximately 115km northeast of Newman, producing a manganese concentrate suitable for use as a manganese alloy used widely in the steel industry and as a potential feedstock into the downstream manufacture of high purity manganese sulphate (HPMSM), a critical precursor component of cathodes for batteries used in electric vehicles.

The project is currently based on a 20-year life of mine primarily focussing on higher grade mineralisation and mining only in the first 11 years followed by 9 years of processing stored stockpiles. Approximately 60% of the ores will be mined from FB3 and the remainder from LR1. There is significant opportunity to extend the mine life through the delineation of additional shallow mineralisation along the L1 to TF1 and FB5 to FB6 trends, in addition to delineating Mineral Resources at FB1 and FB2.

Coarse (lump) and fine manganese concentrates will be produced, with the ability to integrate some of the fines into lump manganese oxide concentrate.

The proposed sales strategy is to sell a lump and fines products, with some of the fines product reserved for potential downstream processing into manganese sulphate. The Company plans to produce a 33% Mn product, generating approximately 500,000t of manganese concentrate per year over the LOM.

The Scoping Study has an accuracy of +/- 35%.

MINERAL RESOURCE INFILL AND EXTENSION DRILLING AT FLANAGAN BORE

During the period and in parallel with the finalisation of the Scoping Study, Black Canyon completed 181 holes for 7,534m of RC drilling as part of an infill and extensional drilling program across the existing Mineral Resource at Flanagan Bore. The program successfully extended the known mineralisation at LR1 and FB3 and also identified new mineralisation along a 2000m trend between the deposits. The results delivered a significant upgrade of the Mineral Resource at Flanagan Bore which was completed in November 2022.

FLANAGAN BORE MINERAL RESOURCE ESTIMATE INCREASED BY 64%

Black Canyon was pleased to deliver a significant 64% increase in the Mineral Resource Estimate for Flanagan Bore to 171Mt @ 10.3% Mn containing 18Mt of manganese.

This represents a substantial increase of 67Mt of total tonnage and 7Mt of contained manganese from the previous Mineral Resource, and has firmed up the Project's significance on a global scale, which is further enhanced by its location in a Tier 1 mining jurisdiction.

High-grade manganese mineralisation is encountered from surface at FB3 and LR1 with zones of continuous mineralisation typically between 20 to 40m thick.

A shallow, high-grade subset of mineralisation has been delineated across the LR1 and FB3 Mineral Resources. At an elevated cut-off grade of 11% Mn the Mineral Resource estimate totals 40 Mt @ 13% Mn with 25 Mt @ 13.2% Mn now classified as Measured.

As the Company progresses the development and feasibility studies, having access to high-grade manganese Mineral Resources from surface has the potential to add significant value.

MINING LEASE APPLICATION SUBMITTED FOR FLANAGAN BORE

Black Canyon and JV partner Carawine Resources submitted an application for a Mining Lease (MLA46/546) over the Flanagan Bore manganese deposits that include FB3 and LR1 and also extends over recent discoveries at L1 and TF1.

The application comprises 1,756Ha to ensure sufficient area is under mining tenure to locate the open pits, stockpiles, tails storage facility and build site infrastructure including roads, accommodation village, process plant, laydowns, offices and solar array.

With the lodging of the Mine Lease application, Black Canyon has engaged Preston Consulting to provide advice on project approval pathway and management of key consultants. In preparation for future discussions with the environmental regulators, the gathering of baseline and approval information has commenced.

The Company has also directly engaged a number of primary consultants who specialise in the design and implementation of studies across the disciplines of flora/vegetation, fauna (subterranean and terranean) hydrology and social surroundings.

As of the end of the reporting period, desktop and field based environmental studies have been initiated with more detailed field surveys planned after the wet season in Q2/Q3 2023.

DETAILED METALLURGICAL PROGRAM

A total of four composites have been selected from 1.4t of PQ diamond core (whole core) from 10 drillholes drilled in December 2021 in preparation for more detailed metallurgical testwork to produce a manganese oxide concentrate.

This program will advance the findings from the initial sighter level testwork undertaken for the Scoping Study that examined both ore sorting and density separation techniques. It was concluded from testwork completed during the Scoping Study that density-based techniques offered a more robust and reliable processing route for the beneficiation of manganese enriched shales.

The planned program of work includes comminution, scrubbing/screening, benchtop dense media assessments using heavy liquid separation and mineralogy.

An area of focus is understanding the intensity of scrubbing and washing which from past testwork was able to significantly and effectively upgrade manganese content with the removal of clay/shale and some of the iron oxides.

The high-grade nature of the outcropping Flanagan Bore deposits supports a higher feed-grade which can be significantly upgraded with simple scrubbing and washing. This is a cost effective means of removing barren mass allowing density separation techniques to provide the final beneficiated grade increase.

HYDROLOGICAL INVESTIGATION

A total of nine exploration holes were drilled approximately 4-5km from the proposed ore processing facility located to the west of the FB3 deposit.

The area was targeted based on a review of the region to discover aquifers of sufficient size and recharge with adequate quality suitable for processing requirements.

The holes were drilled into structurally dislocated carbonates units with five holes showing positive water supply indications. As anticipated, a number of field water quality tests showed the water has low salinity and acceptable pH range.

A number of the bore holes were converted to long term monitoring bores for the gathering of baseline data and will also enable future sampling for sub-terranean fauna for environmental impact studies.

Based on the encouraging results to date further hydrological drilling will be undertaken to delineate the aquifer potential of the carbonate units that will enable modelling to understand recharge and long-term sustainability of supply.

OAKOVER WEST PROJECT

Field mapping and surface geochemistry was completed over the Oakover West tenement package during the period. The mapping and sampling program was successful in identifying a number of manganese anomalies related to both hydrothermal and supergene styles of manganese enrichment.

Exploration data was compiled to generate new drill targets across the JV and 100% owned tenements.

OAKOVER EAST AND BRAESIDE PROJECTS

No fieldwork was undertaken during the reporting period. The Company continued to evaluate the existing available datasets and conduct investigations to identify and prioritise target areas for future drilling programs. The Oakover East prospects and in particular the Fig Tree tenement continue to rank highly.

BALFOUR PROJECT (Black Canyon 100%)

The Balfour Project includes two tenements from the acquisition of Panther Exploration Pty Ltd completed in March 2022 which have a number of highly prospective manganese targets that require drill testing.

An archaeological and ethnographic Heritage Survey was conducted in August over tenement E46/1396 and that hosts the Balfour West and East manganese drill targets.

DOWNSTREAM HIGH PURITY MANGANESE SULPHATE STRATEGY

The Company has developed a value add strategy to produce high purity manganese sulphate monohydrate (HPMSM) suitable for use in the cathodes of lithium ion batteries widely used in electric vehicles (EV). Whilst manganese is primarily used in the steelmaking industry, a significant growth market is emerging in the electric EV sector. In an increasing number of EV battery compositions, manganese is used in the cathode and makes up a significant proportion of the volume of the battery.

Currently, China dominates the high purity manganese market, with over 90% of global supply. Similar to other critical battery materials, the requirement for security and diversification of supply will become a significant factor inducing the establishment of additional supply outside of China for the American and European car manufacturing industries.

Black Canyon has announced the results from an initial leaching testwork program that delivered highly promising Mn leach extractions up to 91%. The initial testwork demonstrated that manganese oxide ores are leachable using fairly standard chemical and physical parameters with high extraction kinetics based on the selected feedstock particle size, slurry density and SO₂ concentration. The Company is continuing this testwork that will optimise the leaching conditions to improve leaching rates and reduce reagent consumption.

Following on from the successful leaching testwork, initial manganese sulphate crystallisation testwork delivered a 32.3% manganese sulphate product which is equivalent to greater than 99% Mn purity.

The HPMSM strategy is being further advanced with more detailed Scoping Level leaching, purification and crystallisation testwork.

The Company has also identified multiple manganese oxide targets across its 100% owned tenement portfolio which form part of a variability study to determine the chemistry of different mineralisation styles and amenability to the production of HPMSM. The various styles include a combination of shale hosted, hydrothermal and hybrid shale/hydrothermal styles of manganese. The samples will be subject to initial beneficiation with selected samples subjected to more detailed hydrometallurgy to deliver HPMSM. The variability testwork will help understand the amenability and performance from various manganese oxide feedstocks from across the eastern Pilbara portfolio with potential to secure feedstock supply for many decades.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

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

PRINCIPAL ACTIVITIES

The Company continued exploration of its projects, targeting manganese, copper and cobalt in WA's Pilbara region.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no other events subsequent to the end of the reporting period.

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 2022 has been received and can be found on page 9.

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
Chairman
14 March 2023

AUDITOR'S INDEPENDENCE DECLARATION BLACK CANYON 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 Ltd.

As lead audit partner for the review of the financial report of Black Canyon Ltd for the half-year ended 31 December 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 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 14 March 2023

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 2022 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
Chairman
14 March 2023

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Black Canyon Ltd (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated 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 Group's consolidated financial position as at 31 December 2022 and its consolidated 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 Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the 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 14 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Revenue and other income		17,624	8,548
Administration expense		(163,959)	(132,634)
Professional Fees and legal		(110,398)	(54,426)
Employee benefit expense		(345,582)	(246,675)
Exploration and evaluation expenses written off	7	(419,641)	-
Loss before income tax		(1,021,956)	(425,187)
Income tax expense/(benefit)		-	-
Loss for the half year		(1,021,956)	(425,187)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year		(1,021,956)	(425,187)
Loss per share attributable to the ordinary equity holders of the Company		¢	¢
Basic (loss) per share		(1.98)	(1.57)
Diluted (loss) per share		(1.86)	(1.57)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents	3	2,215,829	4,749,569
Trade and other receivables	4	66,344	66,069
Other current assets	5	38,113	45,439
Total current assets		2,320,286	4,861,077
Non-current assets			
Plant and equipment		78,133	87,704
Mineral exploration and evaluation assets	7	4,062,767	3,334,839
Total non-current assets		4,140,900	3,422,543
Total assets		6,461,186	8,283,620
Current liabilities			
Trade and other payables	6	97,000	897,479
Total current liabilities		97,000	897,479
Total non-current liabilities		-	-
Total liabilities		97,000	897,479
Net assets		6,364,185	7,386,141
Equity			
Contributed equity	2	9,521,017	9,521,017
Reserves		106,570	106,570
Accumulated losses		(3,263,402)	(2,241,446)
Total equity		6,364,185	7,386,141

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Contributed equity \$	Share based payment reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 30 June 2022	9,521,017	106,570	(2,241,446)	7,386,141
Total comprehensive loss for the half year	-	-	(1,021,956)	(1,021,956)
Contributions of equity, net of transaction costs	-	-	-	-
Balance as at 31 December 2022	9,521,017	106,570	(3,263,402)	6,364,185
Balance at 30 June 2021	5,932,584	106,570	(1,028,660)	5,010,494
Total comprehensive loss for the half-year	-	-	(425,187)	(425,187)
Contributions of equity, net of transaction costs	200,000	-	-	200,000
Balance at 31 December 2021	6,132,584	106,570	(1,453,847)	4,785,307

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Cash flow from operating activities			
Interests received		17,624	8,548
Payments to suppliers & employees		(1,254,146)	(501,066)
Net cash (outflow) from operating activities		(1,236,522)	(492,518)
Cash flow from investing activities:			
Purchase of property, plant, equipment		-	(91,212)
Advance on the acquisition of Panther Exploration		-	(40,000)
Payments for exploration expenditure assets		(1,297,218)	(558,577)
Net cash (outflow) from investing activities		(1,297,218)	(689,789)
Cash flow from financing activities:			
Proceeds from issue of shares (net of costs)		-	-
Net cash inflow from financing activities		-	-
Net increase / (decrease) in cash held		(2,533,740)	(1,187,307)
Cash and cash equivalents at the beginning of the half-year		4,749,569	4,777,879
Cash and cash equivalents at the end of period	3	2,215,829	3,595,572

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

GENERAL INFORMATION

Black Canyon Limited is a listed public company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at 283 Rokeby Road, Subiaco WA. These are the consolidated financial statements and notes of Black Canyon Limited (the Company) and controlled entity (collectively the Group). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in the exploration, development and mining of minerals.

The separate financial statements of Black Canyon Limited, as the parent entity, have not been presented with this financial report as permitted by the Corporations Act 2001 (Cth).

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

1. BASIS OF PREPARATION

The financial statements were authorised for issue on 14 March 2023 by the directors of the Company.

1.1 STATEMENT OF COMPLIANCE

The half year 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 2022.

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 2022

1.4 GOING CONCERN

The 31 December 2022 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

The Group incurred a loss for the half-year of \$1,021,956 (2021: \$425,187 loss) and a net cash outflow from operating, investing, and financing activities of \$2,533,740 (2021: \$1,182,307 outflow).

As at 31 December 2022, the Company had working capital of \$2,223,286 (2021: \$3,070,307 working capital)

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

2. ISSUED CAPITAL

	31 Dec 2022		30 June 2022	
	No.		No.	
Fully paid ordinary shares	51,715,808		51,715,808	
	31 Dec 2022		30 June 2022	
	No.	\$	No.	\$
Balance at beginning of the period	51,715,808	9,521,017	51,715,808	9,521,017
• Nil				
Share issue costs				
Balance at end of the period	51,715,808	9,521,017	51,715,808	9,521,017

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 2022	30 June 2022
	\$	\$
Cash and cash equivalents	2,215,829	4,749,569
	2,215,829	4,749,569

4. TRADE AND OTHER RECEIVABLES

	31 Dec 2022	30 June 2022
	\$	\$
Other receivables - GST Recoverable	57,652	66,069
Other receivables – Interest receivable	8,692	-
	66,344	66,069

5. OTHER CURRENT ASSETS

	31 Dec 2022	30 June 2022
	\$	\$
Prepayments	38,113	45,439
	38,113	45,439

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

6. TRADE AND OTHER PAYABLES

	31 Dec 2022 \$	30 June 2022 \$
Trade creditors	37,132	93,345
Other payables ⁽ⁱ⁾	51,369	181,081
Accrued expenses	8,500	623,054
	<u>97,001</u>	<u>897,480</u>

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

7. EXPLORATION AND EVALUATION

	31 Dec 2022 \$	30 June 2022 \$
Balance at beginning of the period	3,334,839	537,138
Exploration of tenements	1,147,569	2,797,701
Write off exploration expenses	(19,641)	
Write off investment in Zephyr Exploration Pty Ltd	(400,000)	
Balance at the end of the Period	<u>4,062,767</u>	<u>3,334,839</u>

During the half year, the Group relinquished tenement EL52/3897, Lofty Range. The Tenement was owned by subsidiary Zephyr Exploration Pty Ltd. The exploration costs attributed to Lofty Range have been written off and the Investment in Zephyr Exploration Pty Ltd has been written off.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest.

8 OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal location based on geographical areas and therefore different regulatory environments – Australia. The Group operates predominantly in the minerals exploration and evaluation industry.

The Group currently operates materially in one business segment and one geographical segment as described above. Accordingly, the financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

9 COMMITMENTS AND CONTINGENT LIABILITIES

9.1 COMMITMENTS

Since 30 June 2022, the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2022 annual report.

9.2 CONTINGENT ASSETS AND LIABILITIES

9.2.1 CONTINGENT LIABILITIES

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

9.2.2 CONTINGENT ASSETS

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

10 SUBSEQUENT EVENTS

There were no other events subsequent to the end of the reporting period.