

BlackEarth Minerals NL

ABN 66 610 168 191

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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CORPORATE DIRECTORY

DIRECTORS

Thomas Revy
Managing Director

Phillip Hearse
Chairman

George Bauk
Non-Executive Director

COMPANY SECRETARY

Simon Storm

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DIRECTORS' REPORT

The Directors present their report on BlackEarth Minerals NL ("BEM" or the "Company") and its controlled entity (the "Consolidated Entity") for half-year ended 31 December 2019.

BOARD OF DIRECTORS

The names and details of the Consolidated entity's directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Phillip Hearse	Chairman
Thomas Revy	Managing Director
George Bauk	Non-Executive Director

COMPANY SECRETARY

Simon Storm

REVIEW OF OPERATIONS

In the 1st half of 2019/20 the Company has undertaken significant test work on the Maniry graphite concentrate samples, aimed towards testing the product suitability for its key graphite markets – expandables, refractories and batteries. This included:

- Metallurgical tests undertaken by Beijing General Research Institute of Mining and Metallurgy ("BGRIMM") independently confirming ALS (Perth) pilot results;
- Spherical graphite from the Maniry project, with production yields of up to 52% were achieved vs industry average 40%, which met specifications consistent with those required by lithium-ion anode material manufacturers;
- Positive feedback received from spherical graphite producers and anode material manufacturers in China;
- BGRIMM appointed to conduct final testing on Maniry graphite ore;
- Trial mining commenced at Maniry with the bulk sample dispatched to BGRIMM;
- World's largest producer of expanded graphite products reported excellent quality and expansion rates from testing on BEM's coarse flake graphite samples;
- Deleterious impurity content reported to be significantly lower compared to other natural graphite concentrate developers and producers; and
- Positive results and quality approval received from the world's leading refractory producer on BEM's natural graphite.

RESULTS OF OPERATIONS

The operating loss after income tax of the Consolidated Entity for the half year ended 31 December 2019 was \$1,451,529 (31 December 2018: \$1,926,381).

No dividend has been paid during or is recommended for the financial period ended 31 December 2019.

FINANCIAL POSITION

The Consolidated Entity's working capital surplus, being current assets less current liabilities was \$1,748,480 at 31 December 2019 (30 June 2019: \$1,341,088).

In the Directors' opinion, there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

SUBSEQUENT EVENTS

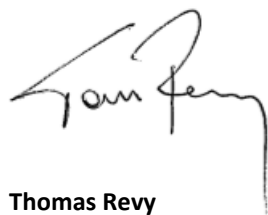
On 4 February 2020 the Company received an R&D Tax Incentive of \$224,812 in respect of eligible R&D expenditure, which was included in Trade and other receivables at half-year end.

Other than this, there have been no material events subsequent to the end of the reporting date and the date of this report that have not been included in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Bentley's Audit & Corporate (WA) Pty Ltd, to provide the directors of the Consolidated entity with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the period ended 31 December 2019.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Thomas Revy
Managing Director

Dated at Perth this 5th day of March 2020

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To The Board of Directors

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

As lead audit Partner for the review of the financial statements of BlackEarth Minerals NL for the half year ended 31 December 2019, 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.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 5th day of March 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2019

	Notes	31 December 2019 \$	31 December 2018 \$
Other Revenue		80,516	73,410
Research and Development Rebate		224,812	-
Administration costs		(456,685)	(305,714)
Personnel and Consulting Costs		(654,170)	(835,462)
Occupancy Costs		(20,870)	(21,128)
Exploration and evaluation costs written off		(620,665)	(710,957)
Depreciation and amortisation		(4,752)	(4,878)
Other Expenses		(487)	(121,652)
Loss before income tax		(1,451,529)	(1,926,381)
Income tax expense		-	-
Loss after income tax		(1,451,529)	(1,926,381)
Exchange differences on translation of foreign operations		2,442	45,753
Total comprehensive income for the period		(1,449,087)	(1,880,628)
Basic and diluted loss per share (cents per share)		1.39	3.17

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		31 December 2019	30 June 2019
	Note	\$	\$
Current Assets			
Cash and cash equivalents		1,581,128	1,363,126
Trade and other receivables		417,169	256,594
Total Current Assets		1,998,297	1,619,720
Non Current Assets			
Mineral Exploration Assets	2	659,646	783,772
Property, plant and equipment		30,139	19,178
Total Non Current Assets		689,785	802,950
TOTAL ASSETS		2,688,082	2,422,670
Current Liabilities			
Trade and other payables		216,014	254,445
Provisions		33,803	24,187
Total Current Liabilities		249,817	278,632
TOTAL LIABILITIES		249,817	278,632
NET ASSETS		2,438,265	2,144,038
Equity			
Issued capital	3	9,461,604	7,704,020
Reserves	4	234,018	245,846
Accumulated losses		(7,257,357)	(5,805,828)
TOTAL EQUITY		2,438,265	2,144,038

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2019

	Issued capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 01 July 2018	6,297,196	23,370	8,390	(2,727,528)	3,601,428
Loss for the period	-	-	-	(1,926,381)	(1,926,381)
Exchange differences on translation of foreign entity	-	45,753	-	-	45,753
Total comprehensive loss for the period	-	45,753	-	(1,926,381)	(1,880,628)
Issue of shares	-	-	-	-	-
Share application monies held in trust	-	-	-	-	-
Capital raising costs	-	-	107,169	-	107,169
Issue of options	-	-	-	-	-
Balance at 31 December 2018	6,297,196	69,123	115,559	(4,653,909)	1,827,969
	Issued capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 01 July 2019	7,704,020	(1,938)	247,784	(5,805,828)	2,144,038
Loss for the period	-	-	-	(1,451,529)	(1,451,529)
Exchange differences on translation of foreign entity	-	2,442	-	-	2,442
Total comprehensive loss for the period	-	2,442	-	(1,451,529)	(1,449,087)
Issue of shares	1,680,964	-	-	-	1,680,964
Capital raising costs	(103,380)	-	-	-	(103,380)
Issue of options	-	-	114,385	-	114,385
Amortisation of options/performance rights	-	-	51,345	-	51,345
Exercise of performance rights	180,000	-	(180,000)	-	-
Balance at 31 December 2019	9,461,604	504	233,514	(7,257,357)	2,438,265

The above statement of changes in equity should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2019

	31 December 2019	31 December 2018
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(788,501)	(1,140,254)
Payments for exploration and evaluation	(572,399)	(748,591)
Interest received	14,589	12,533
Net cash used in operating activities	(1,346,311)	(1,876,262)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(15,713)	(1,309)
Net cash used in investing activities	(15,713)	(1,309)
Cash Flows from Financing Activities		
Proceeds from issue of shares	1,680,964	-
Payment for capital raising costs	(103,380)	-
Net cash generated by financing activities	1,577,584	-
Net increase in cash held	215,560	(1,877,571)
Cash and cash equivalents at the beginning of the period	1,363,126	3,097,338
Effect of exchange rates on cash balances	2,442	103,400
Cash and cash equivalents at the end of the period	1,581,128	1,323,167

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019

These consolidated financial statements and notes represent those of BlackEarth Minerals NL and its controlled entity (the "Consolidated entity"). BlackEarth Minerals NL is a no liability company, incorporated and domiciled in Australia.

The Consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the period ended 31 December 2019 were approved and authorised for issue by the Board of Directors on 5th March 2020.

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of BlackEarth Minerals NL and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the half-year.

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 half-year 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.

Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Consolidation Entity's last annual financial statements for the year ended 30 June 2019.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss of \$1,451,529 (31 December 2018: \$1,926,381), net cash outflows from operating activities of \$1,346,311 (31 December 2018: \$1,876,262) for the half year ended 31 December 2019. As at balance date the Group had a working capital surplus of \$1,748,480 (30 June 2019: \$1,341,088).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate given the:

- Company had a working capital surplus of \$1,748,480 at period end (30 June 2019: \$1,341,088)
- Company received an R&D Tax Incentive of \$224,812 in respect of eligible R&D expenditure on 4 February 2020
- Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required;
- Application and sourcing of funding from available government grants; and
- The Company has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, deal with its interests in mineral exploration assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019 (continued)

Going Concern (continued)

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods. As a result of the changes in the Group's accounting policies, prior year financial statements have been restated.

(a) Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group as lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019 (continued)

Accounting Standards that are mandatorily effective for the current reporting period

The Group 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 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

Based on the assessment by the Group, it was determined there was no impact on the Group. As such, the Group has not recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Group is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments, where applicable. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets, where applicable for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

2. MINERAL EXPLORATION ASSETS

	31 December 2019	30 June 2019
	\$	\$
Opening Balance	783,772	783,772
Exploration and evaluation costs impaired		-
WA tenements	(124,126) ^a	-
Closing Balance	659,646	783,772

^a Following a review of the Company's Australian graphite projects areas, a decision was made to surrender exploration licences E66/95, E70/4811 and E70/4812 which resulted in an impairment cost of \$124,126. The company will now focus its attention on the two remaining Australian tenements and the Madagascan tenements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019 (continued)

3. ISSUED CAPITAL

(a) Fully Paid Ordinary Shares

	31 December 2019		30 June 2019	
	Number	\$	Number	\$
Opening Balance	83,639,453	7,701,206	60,785,500	6,294,382
Exercise of performance rights	28,016,068	1,680,964	-	-
Issue of shares	2,000,000	180,000	22,853,953	1,508,361
Capital raising costs	-	(103,380)	-	(101,537)
Closing Balance	113,655,521	9,458,790	83,639,453	7,701,206

(b) Partly-paid Contributing Shares – 25 cents

	31 December 2019		30 June 2019	
	Number	\$	Number	\$
Opening Balance	28,142,750	2,814	28,142,750	2,814
Closing Balance	28,142,750	2,814	28,142,750	2,814

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

4. RESERVES

	31 December 2019	30 June 2019
	\$	\$
Options	131,792 ^a	17,407
Performance Rights	101,722	230,377
Foreign Currency Translation Reserve	504	(1,938)
	234,018	245,846

^a In addition to the options already on issue at 30 June 2019, the company issued a further 4,000,000 unlisted options to Peloton Capital Pty Ltd as consideration for services rendered. There has been no other movement in share options during the period.

Inputs into the model

Number of options issued	4,000,000
Grant date share price	\$0.07
Exercise price	\$0.08
Expected volatility	67.28%
Option life	3 years
Dividend yield	0.00%
Risk-free interest rate	0.71%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019 (continued)

5. SEGMENT INFORMATION

(a) Description of segments

For management purposes, the consolidated entity has two segments which are exploration activities relating to minerals within Australia and Madagascar.

Refer below for details on assets, liabilities, revenues and expenses monitored by the Board.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the reporting period ended 31 December 2019 is as follows:

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Consolidated entity has tenements in Western Australia. However, the Board, on a functional perspective, has identified that there are two reportable segments, being exploration of minerals in Australia and Madagascar subsequent to listing.

(i) Segment revenues and results

31 December 2019

	Australia	Madagascar	Total
	\$	\$	\$
Revenue	-	50,285	50,285
Loss	(536,522)	(84,143)	(620,665)
Total segment loss	(536,522)	(33,858)	(570,380)

	Total
	\$
Reconciliation of segment result to Consolidated entity net loss	

i) Unallocated items	
- Interest revenue	7,372
- Other	(888,521)

Loss from continuing operations	(1,451,529)
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31 December 2018

	Australia	Madagascar	Total
	\$	\$	\$
Revenue	-	66,538	66,538
Loss	(59,918)	(651,039)	(710,957)
Total segment loss	(59,918)	(584,501)	(644,419)

	Total
	\$
Reconciliation of segment result to Consolidated entity net loss	

i) Unallocated items	
- Interest revenue	6,872
- Other	(1,288,834)

Loss from continuing operations	(1,926,381)
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019 (continued)

5. SEGMENT INFORMATION (Continued)

(ii) Segment Assets

31 December 2019

	Australia	Madagascar	Total
	\$	\$	\$
Segment Assets	82,752	576,894	659,646
Unallocated assets:			
- Cash and cash equivalents			1,581,128
- Other Assets			447,308
Total Consolidated Entity Assets			<u>2,688,082</u>

30 June 2019

	Australia	Madagascar	Total
	\$	\$	\$
Segment Assets	206,878	576,894	783,772
Unallocated assets:			
- Cash and cash equivalents			1,363,126
- Other Assets			275,772
Total Consolidated Entity Assets			<u>2,422,670</u>

(iii) Segment Liabilities

31 December 2019

	Australia	Madagascar	Total
	\$	\$	\$
Segment Liabilities	-	-	-
Unallocated Liabilities:			
- Trade and other payables			249,817
Total Consolidated Entity Liabilities			<u>249,817</u>

30 June 2019

	Australia	Madagascar	Total
	\$	\$	\$
Segment Liabilities	-	-	-
Unallocated Liabilities:			
- Trade and other payables			278,632
Total Consolidated Entity Liabilities			<u>278,632</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2019 (continued)

6. SUBSEQUENT EVENTS

On 4 February 2020 the Company received an R&D Tax Incentive of \$224,812 in respect of eligible R&D expenditure, which was included in Trade and other receivables at half-year end.

Other than this, there have not been any other material events subsequent to the end of the reporting date and the date of this report that have not been included in this financial report.

7. COMMITMENTS

(a) Exploration Expenditure - Australia

The Consolidated entity has certain obligations with respect to tenements and minimum expenditure requirements in Australia, as follows:

	2020 \$	2019 \$
Within 12 months	48,000	138,000
12 Months or longer and not longer than 5 years	48,000	138,000
Longer than 5 years	-	-
Total	96,000	276,000

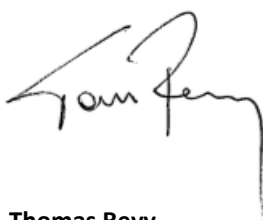
Madagascar has no minimum expenditure however annual fees of \$75,000 are due in March each year

DIRECTORS' DECLARATION

The directors of BlackEarth Minerals NL declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 including compliance with accounting standards and:
 - (a) comply with International Financial Reporting Standards as disclosed in note 1; and
 - (b) give a true and fair view of the Consolidated entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
2. At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Tom Revy', with a long vertical line extending downwards from the end of the signature.

Thomas Revy
Managing Director

Dated at Perth this 5th day of March 2020

Independent Auditor's Review Report

To the Members of BlackEarth Minerals NL

We have reviewed the accompanying half-year financial report of BlackEarth Minerals NL ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and condensed other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

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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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and its 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 Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,451,529 during the half year ended 31 December 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 5th day of March 2020