



ASX  
BMM

# Interim Financial Report

Half Year Ended 31 December 2022

[balkanmin.com](http://balkanmin.com)  
ABN 67 646 716 681



**Balkan**  
Mining and Minerals Limited



# Corporate Directory

## Directors

**Mr Sean Murray**  
Non-Executive Chairman

**Mr Ross Cotton**  
Managing Director

**Mr Karl Simich**  
Non-Executive Director

**Mr Luke Martino**  
Non-Executive Director

## Company Secretary

**Mr Harry Spindler**

## Bankers

**Commonwealth Bank of  
Australia** Level 14C, 300 Murray  
Street PERTH WA 6000

## Share Registry

**Advance Share Registry Ltd**  
110 Stirling Highway  
NEDLANDS WA 6009

**Telephone:** +61 8 9389 8033  
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## Australian Legal Advisers

**Steinepreis Paganin**  
Level 4, 50 Market Street  
MELBOURNE VIC 3000

## Registered Office

Level 50, 108 St Georges  
Terrace PERTH WA 6000

## Auditor

**PKF Perth**  
Level 5, 35 Havelock Street  
WEST PERTH WA 6005

## Securities Exchange Listing

**ASX Limited**  
20 Bridge Street  
SYDNEY, NEW SOUTH WALES  
2000 ASX Code – BMM

**Frankfurt Stock Exchange**  
7JL.F

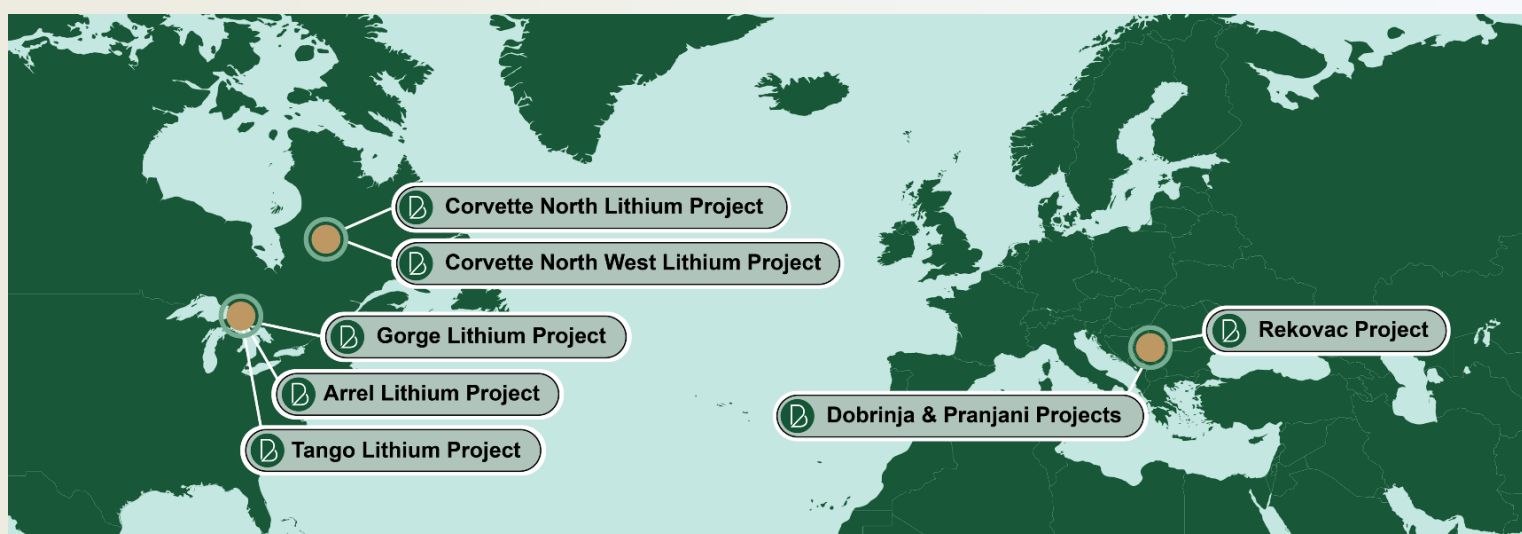
## Contact Us

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**Lithium portfolio continues to grow in Canada by consolidating land interests in Ontario to a total ~121kms<sup>2</sup> and securing new prospects in Quebec covering ~22km<sup>2</sup>. Balkan Mining is poised for growth during 2023.**



## DIRECTORS' REPORT

The Directors' present their report together with the financial report of Balkan Mining & Minerals Limited (**BMM, Balkan Mining** or the **Company**) (ASX: BMM) and its controlled entities (the **Group**, or **Consolidated Entity**) for the half year ended 31 December 2022.

### Directors

The names and the particulars of the Directors who held office during and up to the date of this report are disclosed below.

Sean Murray	(Non-Executive Chairman; appointed 12 July 2021)
Ross Cotton	(Executive Director; appointed 18 December 2020)
Karl Simich	(Non-Executive Director) appointed 13 February 2023)
Luke Martino	(Non-Executive Director) appointed 18 December 2020)

### Principal activities

BMM is a mineral exploration company which is presently focused on the exploration of EV metals such as lithium and boron in the Balkans region of Serbia and Ontario and Quebec, Canada.

### Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group which have not been disclosed elsewhere in this report.

### Review of Operations

Balkan Mining and Minerals is an ASX listed company focused on the exploration of highly prospective lithium and associated battery mineral projects across Canada and the Balkan region. These projects will be advanced in support of the Electric Vehicles revolution by building a global lithium supply for the European & North American markets.

The Company has secured a portfolio of highly prospective projects in a world-class lithium jurisdiction in the Georgia Lake pegmatite district, Thunder Bay North Mining District of Ontario, Canada and staked two projects more recently in the emerging lithium district of James Bay in Quebec, Canada. The Ontario assets within the Georgia Lake region are located within the Quetico Subprovince of the Superior Province, bounded by the granite-greenstone Wabigoon Subprovince to the north and Wawa Subprovince to the south. Pegmatites in the wider Georgia Lake region are intimately associated with granite intrusions, often within a few hundred feet of the contact zone. The host rocks of spodumene pegmatites are metasediments, typically meta-sandstone described as muscovite schist with observed bedding. Various stages of metamorphism are present, including migmatitisation imparting a gneissic texture. The Company's Quebec assets include rock types of the La Grande Greenstone Belt are dominated by amphibolite facies, mafic to ultramafic metavolcanic and intermediate to mafic paragneiss units.

The Company's Serbian projects cover three Neogene aged sedimentary basins in the north-west trending portion of the Vardar Zone, forming part of the Vardar-Izmir-Ankara Suture, which stretches from Iran to Bosnia and host to numerous lithium and borate deposits, of which several lithium-boron deposits have been identified and are focused on exploration in recent years, mainly within Serbia. These include Rio Tinto Limited's (ASX: RIO) Jadar Deposit discovered in 2004, which has a JORC compliant Probable Ore Reserve of 16.6 Mt at 1.81% lithium oxide (Li<sub>2</sub>O) and 13.4% boron trioxide (B<sub>2</sub>O<sub>3</sub>), and a Mineral Resource comprising 55.2 Mt of Indicated Resource at 1.68% Li<sub>2</sub>O and 17.9% B<sub>2</sub>O<sub>3</sub> with an additional 84.1 Mt of Inferred Resource at 1.84% Li<sub>2</sub>O and 12.6% B<sub>2</sub>O<sub>3</sub> and ranks as one of the largest unmined lithium-boron resources globally. In addition to the lithium potential, the Vardar Zone hosts a number of borate projects, of which a number are mined in Turkey, which is the second largest producer of borates and hosts the largest borate reserves globally.

The Company is advancing its strategy of becoming a leading Lithium and associated battery minerals exploration company by building a strategic portfolio and continuing its disciplined exploration campaigns across its projects.





# Directors Report

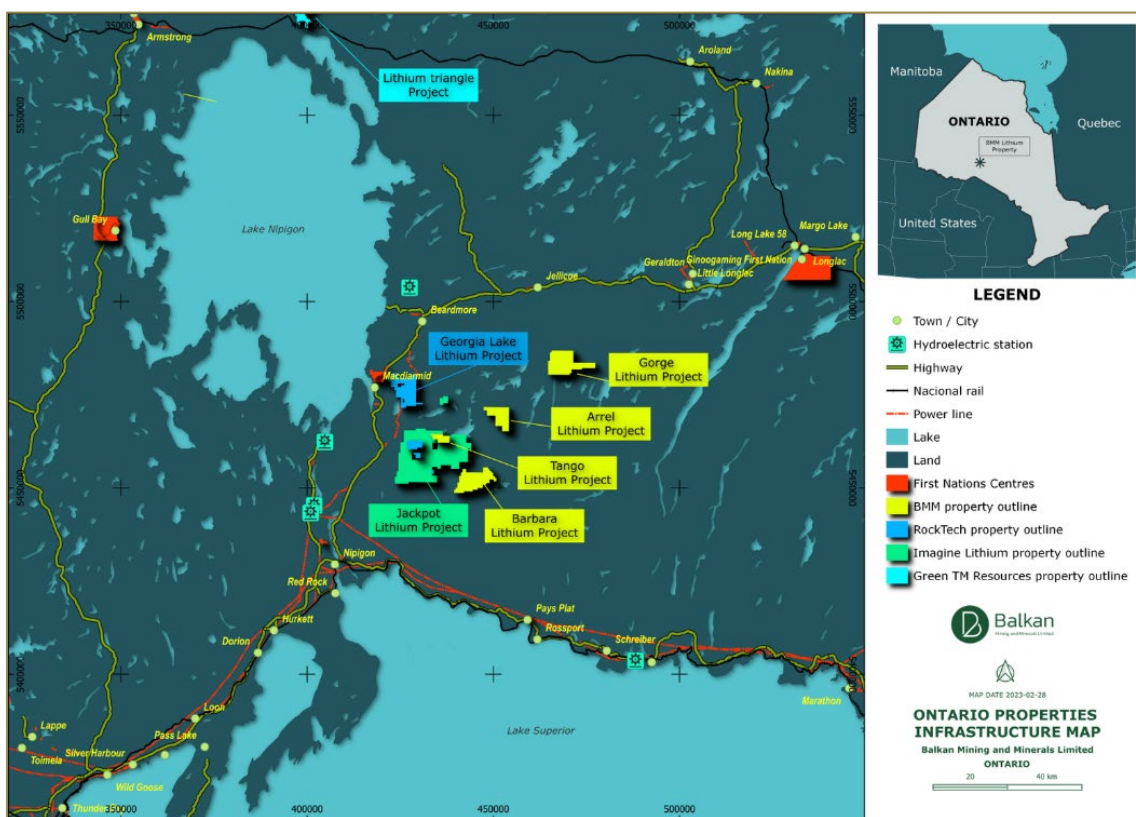


Figure 1 – Ontario Project Location Map

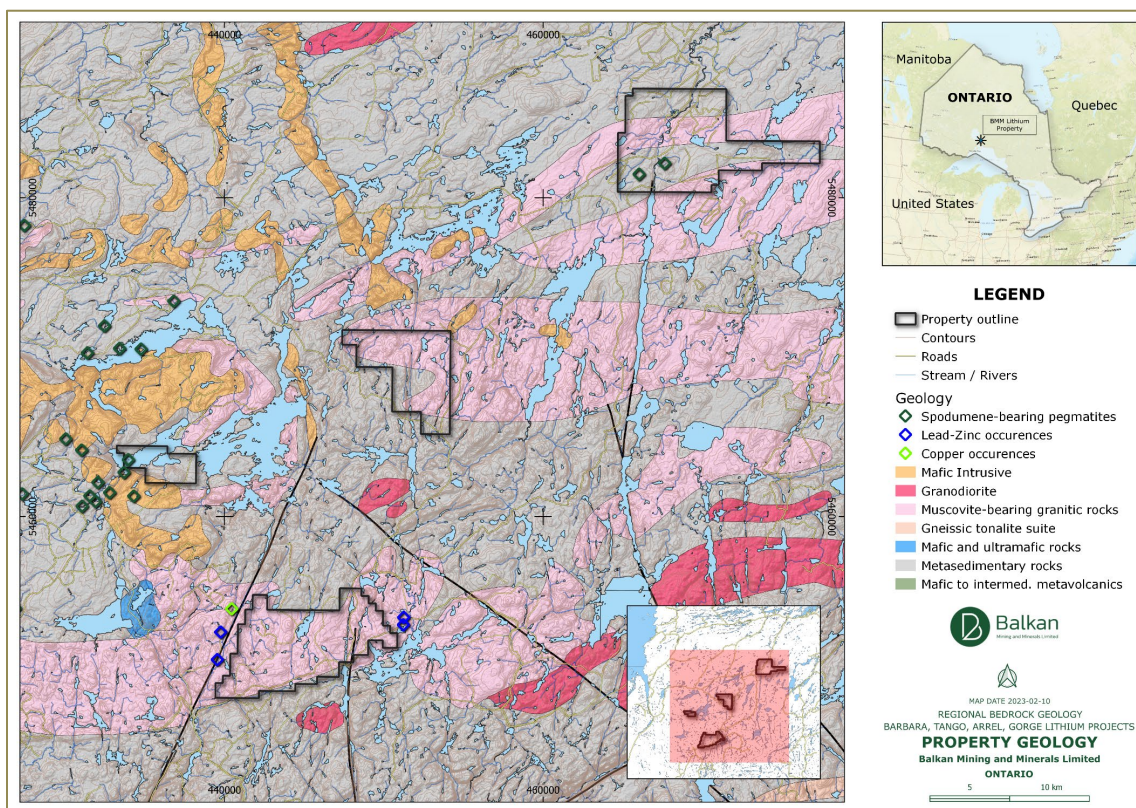


Figure 2 – Ontario Project Geology Map

## Directors Report

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### Gorge Project

#### Lithium, Ontario Canada (under option / farm-in to acquire 100%)

The Company secured an exclusive option to acquire up to 100% of Gorge Lithium Project (**Gorge Project**) located in the Georgia Lake Area, Thunder Bay North Mining District of Ontario, Canada, during the September Quarter.

This project is located approximately 215km to the northeast of the City of Thunder Bay, comprising of 12 active multi-cell claims covering a total area of approximately 43 km<sup>2</sup>. The project area is accessible by bituminised highways and dirt roads from Thunder Bay, proximate to railway networks with an international airport located at Thunder Bay. The Port of Thunder Bay is a major facility that ships several commodities and general cargo via the Great Lakes.

Historical workings in 1955/56 identified up to 40 lithium and beryllium bearing pegmatites exposed in outcrop over an area of approximately 600km<sup>2</sup>, referred to as the larger Georgia Lake Area. Follow up fieldwork was carried out in the larger Georgia Lake Area in 2008 with a focus on identifying rare-element pegmatite deposits. During this period, a new pegmatite group called “Gathering Lake Pegmatite Group” was discovered containing both albite-spodumene-type and beryl-type pegmatites.

The most recent field program was completed in 2018 when lithium bearing mineralisation was confirmed on the Gorge Project at the Koshman and Nelson occurrences. Five grab samples were collected and analysed for lithium, and lithium values returned up to 3.22% Li<sub>2</sub>O (and an average of 2.24% Li<sub>2</sub>O).<sup>1</sup>

The Thunder Bay region of Ontario has been the focus of lithium pegmatite exploration works with the delineation of hard rock lithium deposits, including Rock Tech Lithium Inc’s Georgia Lake project in 2021 and Imagine Lithium Inc’s (TSX.V ILL) Jackpot Lithium project and works carried out by Ultra Lithium Inc (TSX.V-ULT) Georgia Lake and Forgan Lake Projects, to name a few.

Due Diligence fieldwork at the Gorge Project, completed during the September Quarter identified exceptional rock samples up to 6.8% Li<sub>2</sub>O.<sup>2</sup>

During the Company’s due diligence program, conducted by CSA Global, 5 rock samples were collected as part of the fieldwork and sent to ActLabs in Toronto for analysis. Four of these 5 samples included Li<sub>2</sub>O values above 3.78%, with the 2 highest results returned at 5.75% and 6.80%.<sup>2</sup> above<sup>2</sup>

The tenements comprising the Gorge Project are part of the larger Georgia Lake pegmatite district, which is known to host late-stage pegmatite mineralised deposit types that contain rare elements, including lithium, beryllium, tantalum, niobium, and tin, including Rock Tech Lithium Inc’s (TSXV: RCK) Georgia Lake project and Imagine Lithium Inc’s (TSX.V ILL) Jackpot Lithium project.

In conjunction with approving the Gorge transaction, shareholders approved a capital raising of \$1.5 million to explore the Gorge Project, together with the Company’s existing projects and for general working capital, which was completed early October.

During the period, a channel sampling program was completed at the Gorge Project testing lithium-bearing spodumene mineralisation. Previous sampling had identified high-grade spodumene-bearing pegmatite dykes. In total, five channels were taken from Koshman totalling 14.01m (CH-001-22 to CH-005-22) and two from Nelson totalling 7.22m (CH-006-22 to CH-007-22) pegmatite dykes.<sup>3</sup>

High-grade lithium assays from channel samples taken at the Koshman and Nelson pegmatite showings, included 1.8m @ 3.75% Li<sub>2</sub>O from a single Nelson spodumene-bearing pegmatite dyke, confirming the significant potential of the Gorge Project. The best result from the Koshman channel sampling returned 2.1m of 1.23% Li<sub>2</sub>O, including 1.1m @ 2.2% Li<sub>2</sub>O. During the program at the Koshman area, the Company identified a new area of evolved surface pegmatite dyke and extended the historically known dykes.

Details of the Company’s three year earn-in requirements with respect to this project can be found in note 11.

#### Project Geology

The Georgia Lake area is located within the Quetico Subprovince of the Superior Province of Ontario, Canada. The Quetico Subprovince is bounded by the granite-greenstone Wabigoon Subprovince to the north and Wawa Subprovince to the south. The Quetico Subprovince comprises predominantly metasediments consisting of wacke, iron formation, conglomerate, ultramafic wacke, and siltstone, which deposited between 2.70 and 2.69 Ga. The igneous rocks in the Quetico Subprovince include abundant felsic and intermediate intrusions, metamorphosed rare mafic and felsic extrusive rocks and an uncommon suite of gabbroic and ultramafic rocks.

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<sup>1</sup> Refer to ASX announcement 4 July 2022.

<sup>2</sup> Refer to announcement dated 28 September 2022.

<sup>3</sup> Refer to announcement dated 16 December 2022.



## Directors Report

There is an abundance of pegmatites close to and within the large masses of granitic rocks. Regional zoning is apparent, and a genetic association of pegmatites and granite is indicated. The pegmatites occur in two geometries: as irregular-shaped bodies and as thin veins and attenuated lenses. The irregular bodies of pegmatite are intimately associated with the granite bodies, often within a few hundred feet of the contact zone. They typically are medium- to coarse-grained, up to very coarse-grained and are made up of quartz, microcline, perthite and little muscovite. These would be classified as potassic pegmatites. Accessory minerals include biotite, tourmaline, and garnet.

The pegmatite veins and lenses can be subdivided into rare-element and granitic pegmatites. The rare-element pegmatites are of economic significance, and they contain microcline or perthite, albite, quartz, muscovite and spodumene and minor amounts of beryl, columbite-tantalite and cassiterite. The granitic pegmatites are like the irregular pegmatites described above; except they contain more abundant plagioclase. Some pegmatites parallel the foliation or bedding of the metasediments, whereas others occur in joints in either the metasediments or granite. Contacts are usually sharp and, except where veins cut granitic rocks, often found to be marked by a thin border zone of aplite or granitoid composition. A few pegmatites are internally zoned with mica-rich or tourmaline-rich rock along or close to the walls and quartz cores.

### Tango Project

#### Lithium, Ontario Canada (under option to acquire 100%)

Balkan Mining entered an exclusive option to acquire the 8.64km<sup>2</sup> Tango Project, which covers known pegmatite occurrences within the highly prospective Georgia Lake pegmatite field, during the September Quarter. The transaction allowed the Company to expand its footprint in Ontario, specifically near the Company's Gorge project.

Historical work was conducted by the Ontario Lithium Company. Sixty-six trench samples, each weighing 2.0 kg, were taken across 0.3m widths. These samples indicated an average grade of 1.2% Li<sub>2</sub>O. A trench sample, described in the historic records as a bulk sample, weighed 213.2 kg and yielded 1.4% Li<sub>2</sub>O. In the summer of 1957, 3 drill holes totalling 68.6 m were drilled. These drill holes showed that the pegmatite has a thickness of approximately 5.4m to 15.1m and that its lower surface strikes north south and dips about 35°E.6. <sup>4</sup>

During the period, the Company announced the discovery of a new pegmatite dyke field as part of the field exploration program carried out over the eastern portion of the Tango project. In total, 15 surface grab samples were collected from various locations and submitted to ALS Minerals for geochemical analyses, the results of which are pending.<sup>5</sup>

One hundred outcrops, ranging from 1-10m<sup>2</sup> in size, were discovered during fieldwork which resulted in the discovery of three new pegmatite dykes.

Subsequently, the Company completed a high-resolution airborne magnetic survey conducted by Prospectair Geoservices from Gatineau, Québec and the data was processed by Dynamic Discover Geoscience from Ottawa, Ontario.

Interpretation of the survey identified structural features offsetting observed magnetic lineaments that caused abrupt interruption of the magnetic response. These features are typically caused by faults, fractures and shear zones and are considered by the Company to be favourable structures in the exploration context of the Tango project (Refer to Figure 4).<sup>6</sup>

This data has assisted in the planning of exploration activities throughout 2023.

Details of the Company's three year option terms with respect to this project can be found in note 11.

### Arrel Project

#### Lithium, Ontario Canada (100%)

The Arrel Project, consisting of 6 multi-cell claims (129 cells) totalling 27.05km<sup>2</sup>, situated between the Gorge and Tango Projects, and was acquired by the Company in early December. This development further solidified the Company's presence in the region.

The Project is located approximately 15km southwest of the Gorge Project, 158km northeast of Thunder Bay and 30km south of Beardmore (Refer to Figures 1 and 2).

The property is accessible by Highway 11 north of Nipigon and then via logging and sealed dirt roads to the property.

Whilst minimal modern exploration had been completed on the project area. the project is directly situated in the Company's area of interest.

<sup>4</sup> See Announcement dated 31 October 2022

<sup>5</sup> See Announcement dated 8 November 2022

<sup>6</sup> See Announcement dated 22 December 2022

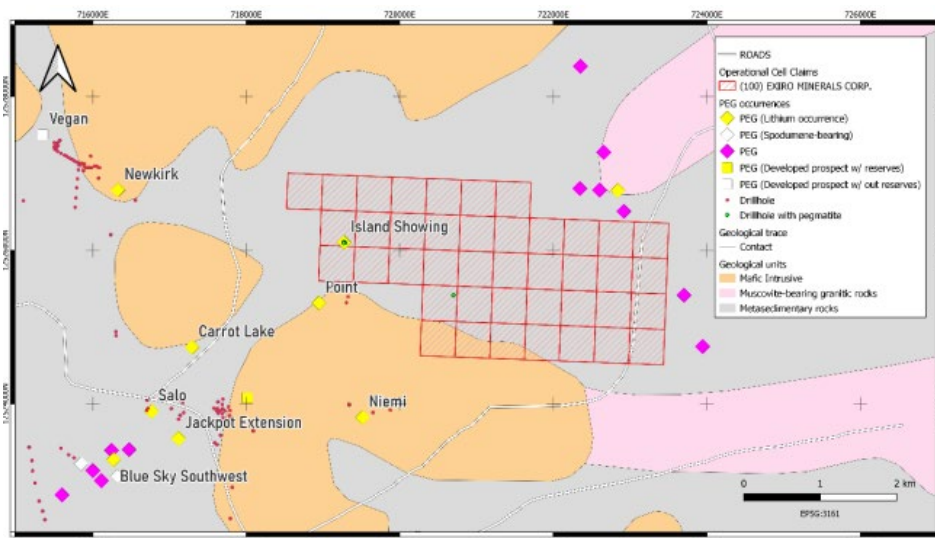


Figure 3 – Tango Project Geology Map

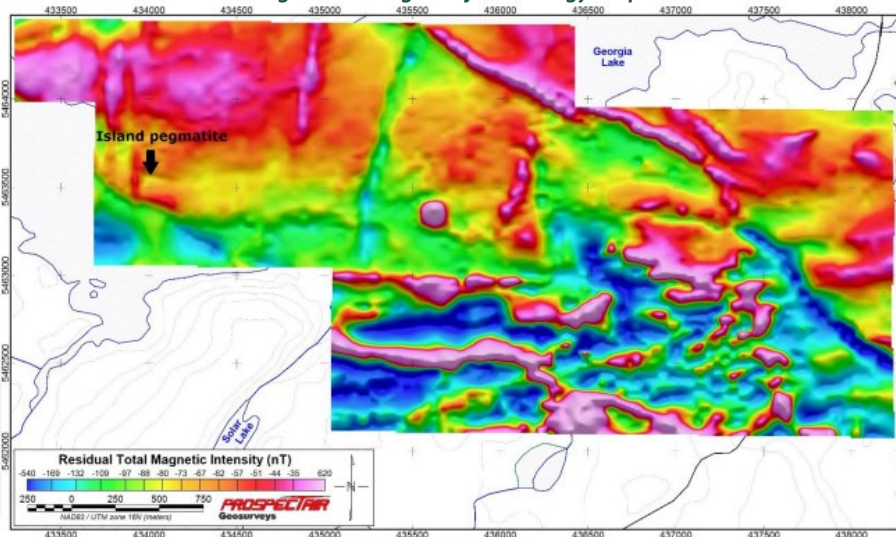


Figure 4 – Residual Total Magnetic Intensity with equal area colour distribution

## Barbara Project

Lithium, Ontario Canada (under contract, subject to completion)

Subsequent to the end of period, the Company entered into a binding purchase and sale agreement to acquire 100% of the Barbara Lithium exploration project located in the Barbara Lake Area, Thunder Bay North Mining District of Ontario, Canada.

This project is located in the central portion of the Barbara Lake Area and encompasses the southwestern part of Georgia Lake, approximately 37 km northeast of Nipigon and 150 km northeast of Thunder Bay, Ontario.

There was no systematic exploration for lithium over the Barbara Project. In total, eight diamond drill holes were drilled to the immediate east of the Project Property by Anglo American Nickel Mining Corporation Ltd in 1968. One hole intersected 26.5 m of copper mineralisation, averaging 1 % Cu over 5.82 m, while a second hole intersected 17.3 m of copper mineralisation grading 0.54 % Cu<sup>7</sup>.

This completion of this project is conditional on the Company completing its due diligence requirements to its satisfaction before 30 April 2023. Refer to the Company’s announcement dated 9 March 2023 for further details.

<sup>7</sup> See Announcement dated 9 March 2023, Northern Miner, 1968c, p. 657



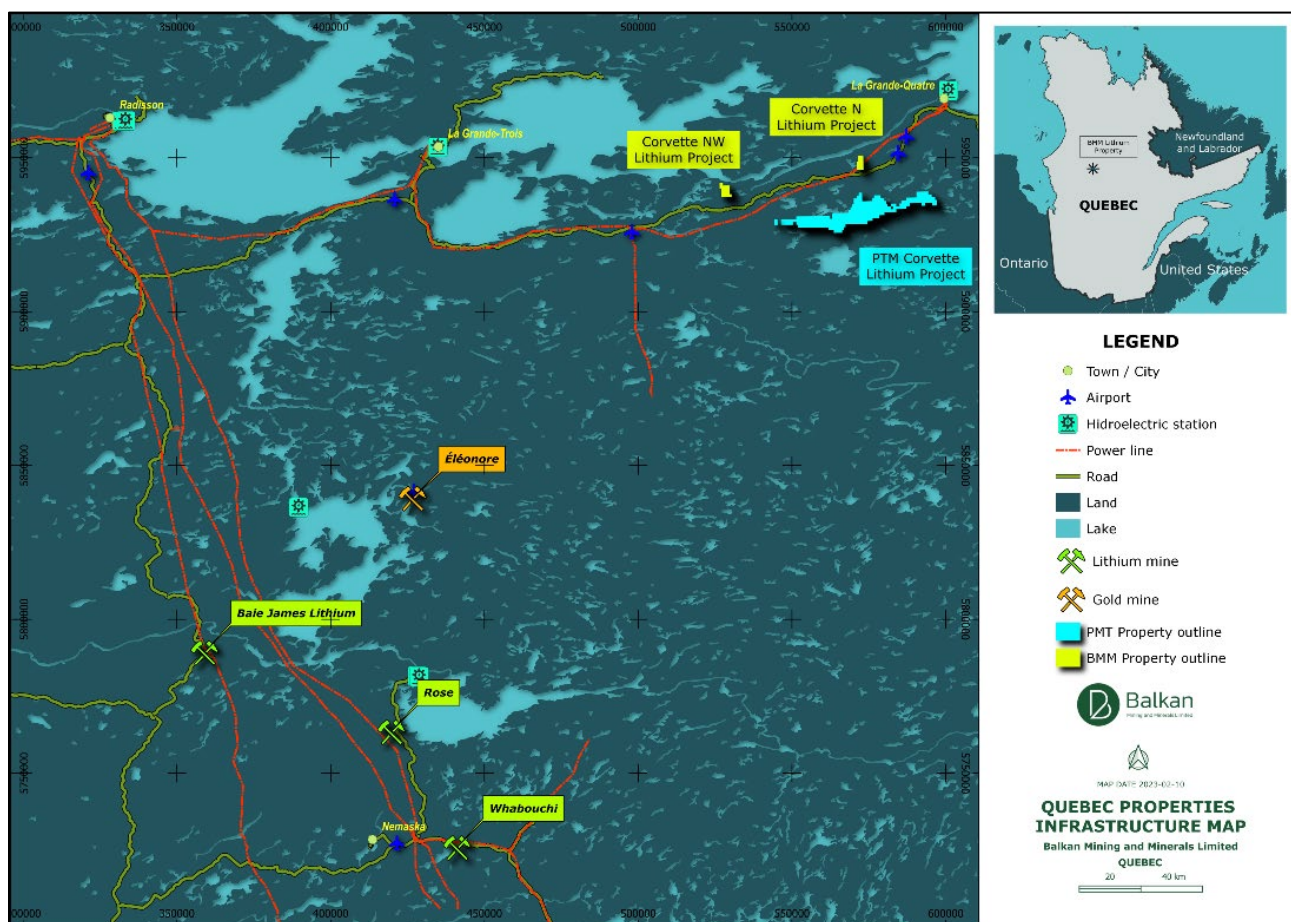


Figure 5 – Quebec Project Location Map

## Corvette North and Corvette Northwest Projects

### Lithium, Quebec Canada (100%)

The Company directly staked two projects, Corvette North, and Corvette Northwest, in the emerging lithium district of James Bay in Quebec, Canada, during the latter part of December.

The two projects consist of 42 cells and cover approximately 22km<sup>2</sup> (Refer to Figure 5).

Corvette North and Corvette Northwest are in the upper James Bay area with all weather road access. The ground was staked for nominal application costs.

The projects are proximal to notable existing James Bay Lithium Deposits, with this stratigraphy being analogous to Patriot Battery Metals Corvette property, where pegmatite intrusions are hosted within basalt-derived amphibolite rocks.

## Serbian Projects

### Lithium & Borate, Serbia (100%)

As previously reported, the Company completed gravity and magnetic geophysics interpretation over the entire Rekovac Lithium-Borate Project. This program was aimed at reviewing drill sites for follow-up testing. Following this successful review, the Company has identified a number of sites for following up drilling and has been taking step in planning for drilling.

The Company announced in September that it had deferred its planned drilling program at its Rekovac project due to events reported by an international copper producer in Serbia. The Company has completed an internal risk review and has been actively engaging with Government, law enforcement agencies and stakeholders.

After the formation of the new cabinet in October, six months post the April election results, Balkan Mining has been in direct contact with ministers relevant to Balkan Mining's activities.

## Directors Report

The Company confirms it holds all regulatory licenses and approvals.

As stated in previous announcements, the Company has noted an apparent anti-mining sentiment by groups towards certain companies operating in Serbia, specifically towards Lithium which became more evident in the recent events which occurred in Bor, as noted above. This appears to have originated from certain political interests in Serbia.

The Company has elected not to speculate on other companies' operations nor act as a political commentator. The company continues to monitor the situation and focus its resources on stakeholder engagement, including the Ministry of Mines, the Government, its Serbian workforce, contractors, consultants, and advisors.

## Business Development

Consistent with the Company's objectives, further strategic opportunities were reviewed during the half year, and as previously mentioned and noted above, several strategic deals were completed.

Further value accretive opportunities in Lithium and associated critical minerals have continued to be assessed in both Canada and the Balkans in-line with the Company's strategic objectives. Regardless of monthly market and commodity fluctuations, Balkan Mining continues to believe that the long-term outlook for these minerals, especially in the US and European markets, remains strong.

## Financial Results

The Group made a loss for the six months ended 31 December 2022 of \$1,533,707 (1H 2021: \$2,047,522). As of 31 December 2022, the Group had cash and cash equivalents of \$3,590,953 (30 June 2022: \$3,615,646) and net assets of \$5,968,122 (30 June 2022: \$5,346,713).

## Corporate Activity

### Director Appointments – Mr Karl Simich

In February 2023, highly experienced mining executive Karl Simich has been appointed to the Company's Board as a Director, tasked with a particular focus on strategy, corporate development, and growth.

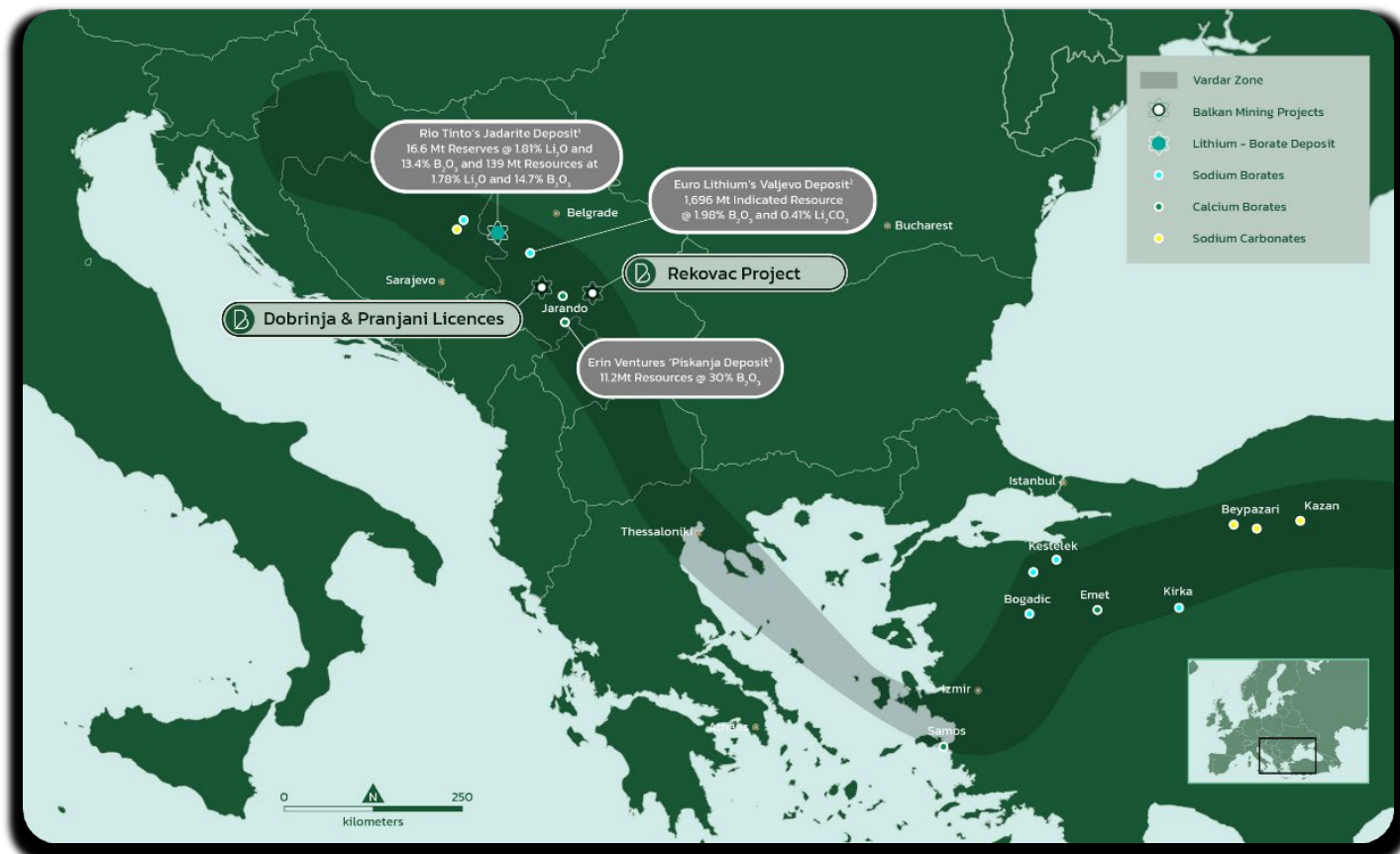


Figure 6 – Serbia Project Location Map

## Directors Report

Mr Simich stepped down as Managing Director of Sandfire Resources (ASX: SFR) (“Sandfire”) at the end of September 2022 after 15 years at the company’s helm, having overseen its transformational growth from a junior micro-cap to a successful mid-tier producer with a global footprint.

As a Director of Balkan Mining, Mr Simich will provide input and advice on strategy, corporate and business development, and stakeholder relations.

Mr Simich has 36 years’ experience with publicly listed mining and exploration companies on the ASX, TSX and LSE, most recently as the founder, Managing Director, and CEO of Sandfire between 2006 and September 2022.

During this time, he guided Sandfire through the discovery, financing, development and successful 10-year operation of the highly profitable DeGrussa copper operations in Western Australia.

He also oversaw the implementation of Sandfire’s international expansion strategy to become a globally significant copper miner, including the US\$1.865 billion acquisition of the MATSA copper operations in Spain. At the end of his tenure, Sandfire had mining operations and development projects spanning three continents.

Throughout his career, Mr Simich has overseen the financing and development more than 10 mines in Australia, New Zealand, and Africa. These have including base, precious, and industrial metals spanning small to large-scale open pit, underground and alluvial operations.

### Environmental, Social and Governance (“ESG”)

Over the last 12 months, BMM has acknowledged ESG as an important factor to all stakeholders in the company.

We see ESG as an important consideration, therefore have engaged Parvate Collective to create a baseline of our current ESG position. Baselining against the World Economic Forum (WEF) – the most commonly used criteria for ESG metrics – BMM have set a goal of continuous improvement alongside our company goals and policies for the coming year and beyond.

We are committed to shareholder value and see ESG as a positive in the long-term success of the company. BMM will be releasing further information on the ESG program in due course.

### Frankfurt Stock Exchange Listing

Later in December, Balkan Mining was dual listed on the Frankfurt Stock Exchange (“FSE”) under the code “7JL”.

The Frankfurt listing enlarges the Company’s investor reach and increases its exposure to European investor markets.

## Significant Events After the Balance Date

Subsequent to period end the following key events have occurred:

- (a) On 13 February 2023, the Company issued 3,000,000 Performance Rights to Managing Director, Mr Ross Cotton, following shareholder approval being obtained shortly before.

The performance hurdles are summarised below:

- (i) 1,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$40,000,000;
- (ii) 1,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$80,000,000;
- (iii) 1,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving the successful return of a “commercial lithium drilling intersection”. A commercial drilling intersection is defined to be an ore grade and width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of lithium mineral containing +1.0% Li<sub>2</sub>O.

Please refer to Notice of General Meeting dated 13 January 2023 for full terms and conditions. Approved by shareholders on 13 February 2023.

- (b) On 13 February 2023, the Company issued 5,800,000 Performance Rights to newly appointed director, Mr Karl Simich, following shareholder approval being obtained shortly before.

The performance hurdles are summarised below:

- (iv) 2,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$40,000,000;
- (v) 800,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$80,000,000;
- (vi) 3,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving the successful return of a “commercial lithium drilling intersection”. A commercial drilling intersection is defined to be an ore grade and



## Directors Report

width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of lithium mineral containing +1.0% Li<sub>2</sub>O.

Please refer to Notice of General Meeting dated 13 January 2023 for full terms and conditions. Approved by shareholders on 13 February 2023.

- (c) On 9 March 2023, the Company announced that it has entered into a binding purchase and sale agreement to acquire 100% of the Barbara Lithium exploration project located in the Barbara Lake Area, Thunder Bay North Mining District of Ontario, Canada.

The Claim Purchase Agreement executed between the Company and 1361707 B.C. Ltd is binding on both parties. The agreement is subject to completion of due diligence requirements to the satisfaction of the Company, before 30 April 2023.

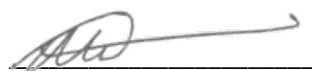
To acquire a 100% interest in the mining claims, the total consideration to be provided by the Company is:

- i) the issue of 3,000,000 fully paid ordinary shares in the Company to 1361707 B.C. Ltd (or nominee); and
- ii) Granting 1361707 B.C. Ltd a 1.5% net smelter return royalty in respect of any mineral production from the mining claims acquired by the Company.

### Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 13 for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors.



**Ross Cotton**

**Managing Director**

Dated this day of 15 March 2023

### Compliance Statement

This half year report contains information extracted from ASX Market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code") and available for viewing at balkamin.com. Balkan Mining & Minerals Limited confirms that it is not aware of any new information or data that materially effects the information included in the original ASX market announcement. Such ASX announcements are as follows:

25-May-21	Prospectus
20-Aug-21	Surface Mapping at Rekovac Completed
15-Nov-21	Gravity & Magnetic Survey Complete Over Entire Rekovac Project
10-Dec-21	Initial Gravity Surveys Interpretation Completed at Dobrinja
21-Jan-22	Dobrinja Sampling Assays Yield Encouraging Results
01-Nov-21	Gravity and magnetic geophysics completed at Rekovac
06-Oct-21	Completion of Sampling at Dobrinja Lithium-Borate Project
04-Jul-22	Balkan Secures Canadian Lithium Project
27-Sept-22	Rekovac Operations Update
28-Sep-22	Exceptional Rock Samples up to 6.8% Li <sub>2</sub> O at Gorge Project
28-Sep-22	2022 Annual Report
31-Oct-22	Balkan secures Tango Lithium Project in Ontario
31-Oct-22	Quarterly Activities/Appendix 5B Cash Flow Report
08-Nov-22	Tango Lithium Project Update
14-Nov-22	Increase in Ground at The Gorge Lithium Project in Canada
22-Nov-22	Gorge Lithium Project Update
09-Dec-22	Canadian Lithium portfolio strengthened
16-Dec-22	1.8M @ 3.75% Li <sub>2</sub> O Assays from Gorge Lithium Project
19-Dec-22	Corvette North and Northwest staked in James Bay Region Quebec
22-Dec-22	Tango Magnetic Survey Completed & BMM Dual Lists on FSE
31-Jan-23	Quarterly Activities/Appendix 5B Cash Flow Report
06-Feb-23	Corvette North & Northwest Lithium Project Update
06-Mar-23	PDAC Presentation
09-Mar-23	Barbara Lithium Acquisition Expanding Ontario Footprint

# DIRECTORS' DECLARATION

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In accordance with a resolution of the directors of Balkan Mining & Minerals Limited, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and the performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



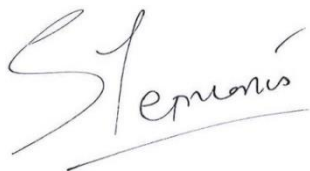
**Ross Cotton - Managing Director**

Dated this 15 March 2023

**AUDITOR'S INDEPENDENCE DECLARATION**  
**TO THE DIRECTORS OF BALKAN MINING AND MINERALS LIMITED**

In relation to our review of the financial report of Balkan Mining and Minerals Limited for the half year ended 31 December 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*PKF Perth*  
PKF PERTH



SIMON FERMANIS  
SENIOR PARTNER

15 MARCH 2023  
WEST PERTH,  
WESTERN AUSTRALIA

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Other income		443	47
Compliance and regulatory expenses		(78,307)	(147,223)
Consulting and professional fees	2	(230,257)	(626,738)
Depreciation		(8,005)	(6,357)
Employee benefits expenses		(308,438)	(264,359)
Exploration and evaluation expenses		(401,912)	(134,993)
Marketing and investor relations		(55,830)	(81,738)
Other expenses	3	(331,733)	(265,176)
Share based payments expense	7	(119,668)	(520,985)
Loss before income tax		(1,533,707)	(2,047,522)
Income tax expense		-	-
<b>Loss after tax</b>		<b>(1,533,707)</b>	<b>(2,047,522)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translation of foreign operations		28,895	3,820
<b>Other comprehensive loss for the period, net of tax</b>		<b>28,895</b>	<b>3,820</b>
<b>Total comprehensive loss for the period</b>		<b>(1,504,812)</b>	<b>(2,043,702)</b>
<b>Loss attributable to:</b>			
Members of the parent entity		(1,533,707)	(2,047,522)
Non-controlling Interest		-	-
		<b>(1,533,707)</b>	<b>(2,047,522)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Members of the parent entity		(1,504,812)	(2,043,702)
Non-controlling interest		-	-
		<b>(1,504,812)</b>	<b>(2,043,702)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	8	(2.95)	(4.60)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

## Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
<b>Current Assets</b>			
Cash and cash equivalents		3,590,953	3,615,646
Trade and other receivables		101,302	12,534
Prepayments		92,041	59,277
Other current assets		2,009	1,937
<b>Total Current Assets</b>		<b>3,786,305</b>	<b>3,689,395</b>
<b>Non-Current Assets</b>			
Exploration assets	4	2,309,828	1,704,219
Plant and equipment		97,545	59,444
Right of use asset		105,628	26,047
<b>Total Non-Current Assets</b>		<b>2,513,001</b>	<b>1,789,710</b>
<b>Total Assets</b>		<b>6,299,306</b>	<b>5,479,105</b>
<b>Current Liabilities</b>			
Trade and other payables		171,345	84,012
Provision for employee entitlements		50,807	21,538
Lease liability		63,057	20,320
<b>Total Current Liabilities</b>		<b>285,209</b>	<b>125,580</b>
<b>Non-Current Liabilities</b>			
Lease liability		45,975	6,812
<b>Total Non-Current Liabilities</b>		<b>45,975</b>	<b>6,812</b>
<b>Total Liabilities</b>		<b>331,184</b>	<b>132,392</b>
<b>Net Assets</b>		<b>5,968,122</b>	<b>5,346,713</b>
<b>Equity</b>			
Issued capital	5	9,892,990	8,292,437
Reserves	6	1,131,159	576,596
Accumulated losses		(5,056,027)	(3,522,320)
<b>Total Equity</b>		<b>5,968,122</b>	<b>5,346,713</b>

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

## Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

		Issued capital	Share Based Payment Reserves	Foreign Currency Reserve	Accumulated Losses	Total
	Note	\$	\$	\$	\$	\$
<b>Balance at 1.7.2021</b>		<b>1,443,557</b>		<b>(3,833)</b>	<b>(443,581)</b>	<b>996,143</b>
Loss for the period		-	-	-	(2,047,522)	(2,047,522)
Other comprehensive income		-	-	3,820	-	3,820
<b>Total Comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>3,820</b>	<b>(2,047,522)</b>	<b>(2,043,702)</b>
<b>Transactions with owners, recognized directly in equity</b>						
Issue of shares	5	7,148,750	-	-	-	7,148,750
Share based payments	6	-	520,985	-	-	520,985
Conversion of shares from performance rights	6	99,200	(99,200)			-
Capital raising costs	5	(399,070)	-	-	-	(399,070)
<b>Balance at 31.12.2021</b>		<b>8,292,437</b>	<b>421,785</b>	<b>(13)</b>	<b>(2,491,103)</b>	<b>6,223,106</b>
<b>Balance at 1.7.2022</b>		<b>8,292,437</b>	<b>587,016</b>	<b>(10,420)</b>	<b>(3,522,320)</b>	<b>5,346,713</b>
Loss for the period		-	-	-	(1,533,707)	(1,533,707)
Other comprehensive income		-	-	28,895	-	28,895
<b>Total Comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>28,895</b>	<b>(1,533,707)</b>	<b>(1,504,812)</b>
<b>Transactions with owners, recognized directly in equity</b>						
Issue of shares	5	2,123,204	-	-	-	2,123,204
Share based payments	6	-	525,668	-	-	525,668
Capital raising costs	5	(522,651)	-	-	-	(522,651)
<b>Balance at 31.12.2022</b>		<b>9,892,990</b>	<b>1,112,684</b>	<b>18,475</b>	<b>(5,056,027)</b>	<b>5,968,122</b>

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.



## Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	31 December 2022	31 December 2021
	\$	\$
<b>Cash Flow from Operating Activities</b>		
Payments to suppliers	(827,465)	(503,699)
Payments for staff costs	(320,396)	(258,407)
Payments for exploration and evaluation	(237,946)	(134,993)
Interest paid	(2,879)	(7,669)
Other income	-	47
<b>Net cash flows used in operating activities</b>	<b>(1,388,686)</b>	<b>(904,721)</b>
<b>Cash Flow from Investing Activities</b>		
Payments for property plant and equipment	(39,694)	(62,641)
Payments for exploration and evaluation	(353,158)	(102,033)
Payments for other non-current assets	(49,000)	-
<b>Net cash flows used in investing activities</b>	<b>(441,852)</b>	<b>(164,675)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of shares	1,900,000	6,500,000
Transaction costs related to issues of securities	(116,651)	(562,179)
Proceeds from borrowings	-	39,515
Repayment of borrowings	-	(429,695)
<b>Net cash flows provided by financing activities</b>	<b>1,783,349</b>	<b>5,547,642</b>
Net (decrease)/increase in cash and cash equivalents	(47,189)	4,478,246
Foreign exchange	22,496	895
Cash and cash equivalents at the beginning of the period	3,615,646	1,152
<b>Cash and cash equivalents at the end of the period</b>	<b>3,590,953</b>	<b>4,480,293</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated interim financial report.

# Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

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## 1. Statement of Significant Accounting Policies

### (a) Reporting Entity

Balkan Mining & Minerals Limited (ASX: BMM) (the "Company", "BMM") is a listed public company, incorporated and domiciled in Australia. The company is a for-profit entity for the purpose of preparing financial statements. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2022, comprises the Company and its controlled entities (together referred to as the "Group", "Consolidated entity").

The financial report was authorised for issue by the Directors on 15 March 2023.

### (b) Statement of Compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position, and cash flows of the Company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Balkan Mining & Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

### (c) Basis of Preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. The financial statements have been prepared on a going concern basis.

The Accounting policies adopted in the preparation of this half-year financial report are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022.

### *Estimates and Judgements*

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income, 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 Group's last annual financial statements for the year ended 30 June 2022.

### *New, revised or amending Accounting Standards and Interpretations adopted*

There were no new, revised or amended accounting standards adopted in the period.

### *Going concern basis of preparation*

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

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

Whilst acknowledging the inherent uncertainties of progressing to profitable mining operations and managing working capital requirements, the Directors consider this to be appropriate.

For the half year ended 31 December 2022 the Group recorded a loss of \$1,533,707 (31 December 2021: 2,047,522), a net working capital surplus of \$3,501,096 (30 June 2022: \$3,563,815) and had net cash outflows from operating activities of \$1,388,686 (31 December 2021; \$904,721).

The Directors are mindful of the Company's working capital requirements and cognisant of its developed capital management program that will provide funding to maximise the potential of its current asset portfolio and provide a strong base for increasing shareholder value.

The accounts have been prepared on the basis that the Company can meet its commitments as and when they fall due and can therefore continue normal business activities, with the realisation of assets and liabilities in the ordinary course of business. The Directors believe that they will continue to be successful in securing additional funds through equity issues as and when the need to raise working capital arises.

### **Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### **2. Consulting and Professional fees**

	Consolidated entity	
	31 December 2022	31 December 2021
	\$	\$
Corporate Advisory fees	-	(500,000)
Consulting fees	(134,648)	(71,095)
Legal fees	(95,609)	(55,643)
	<u>(230,257)</u>	<u>(626,738)</u>

### **3. Other expenses**

	Consolidated entity	
	31 December 2022	31 December 2021
	\$	\$
Travel expenses	(111,281)	(78,814)
Insurance expenses	(47,976)	(84,128)
Rental expenses	(27,793)	(17,879)
Right of use amortisation expenses	(22,507)	-
Other expenses	(115,645)	(81,431)
Foreign exchange loss	(6,531)	(2,924)
	<u>(331,733)</u>	<u>(265,176)</u>

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

### 4. Exploration Assets

	Consolidated entity	
	Half-Year Ended 31 December 2022 \$	Year Ended 30 June 2022 \$
Opening balance	1,704,219	1,502,693
Asset acquisitions	336,045	-
Exploration capitalised	246,629	222,466
Unrealised FX movement	22,935	(20,940)
Closing balance	2,309,828	1,704,219

In July 2022, the Company announced that it had entered into a binding agreement with Ombabika Group Inc. (a company incorporated under the laws of Canada and an unrelated party of the Company) to acquire 100% of the Gorge lithium exploration project located in the Georgia Lake area, Thunder Bay North Mining District of Ontario, Canada (the Gorge Lithium Project or the Project) (Transaction). As of 31 December 2022, the Company had completed initial cash payment of \$50,000 and issue of \$50,000 worth of shares to Ombabika (refer to Note 11 for details).

In October 2022, the Company announced that it had entered into an exclusive option agreement with Exiro Minerals Corp (“Exiro”) (an entity incorporated in Canada) pursuant to the Company’s exclusive 3 year option agreement to acquire 100% interest in the Tango Lithium Project. As of 31 December 2022, the Company had completed initial cash payment of \$54,957 (CAD50,000) and issue of \$114,204 (CAD100,000) worth of shares to Exiro (refer to Note 11 for details).

In December 2022, the Company announced that it had directly staked two new projects, Corvette North, and Corvette Northwest, in emerging lithium district of James Bay in Quebec, Canada.

In December 2022, the Company announced the acquisition of the Arrel Project in Ontario, Canada. In consideration for acquiring the claims, the Company agreed to paying a cash payment of \$59,347 (CAD50,000) and granting a 1.5% net smelter royalty.



## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

### 5. Share Capital

		Consolidated entity	
		31 December	30 June
		2022	2022
		\$	\$
58,072,014 (30 June 2022: 46,050,000) Fully paid ordinary shares		9,892,990	8,292,437
		<b>Half Year Ended</b>	<b>Half Year Ended</b>
		<b>31 December</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>a) Ordinary Shares</b>			
At beginning of the reporting period		8,292,437	1,443,557
Issue of shares – capital raisings		1,900,000	6,500,000
Issue of shares – acquisition of projects	11	164,204	-
Issue of shares – consulting services		59,000	648,750
Issue of shares – conversion of performance rights		-	99,200
Capital raising costs	7	(522,651)	(399,070)
At reporting date		9,892,990	8,292,437
		<b>No. of shares</b>	<b>No. of shares</b>
At beginning of the reporting period		46,050,000	10,000,000
Issue of shares – capital raisings		11,133,333	32,500,000
Issue of shares – acquisition of projects	11	528,303	-
Issue of shares – consulting services		160,378	2,750,000
Issue of shares – conversion of performance rights		-	800,000
At reporting date		58,072,014	46,050,000

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### 6. Reserves

		Consolidated entity	
		31 December	30 June
		2022	2022
		\$	\$
<b>Reserves</b>			
Foreign currency reserve		18,475	(10,420)
Option reserve 6,000,000 (30 June 2022: 4,000,000)		850,164	420,209
Performance right reserve 2,100,000 (30 June 2022: 2,100,000)		262,520	166,807
		1,131,159	576,596

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<b>a) Foreign Currency Reserve</b>		
At the beginning of reporting period	(10,420)	(3,883)
Movement	28,895	3,870
At the end of reporting period	18,475	(13)
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<b>b) Share Based Payment Reserves</b>		
<b>Option Reserve</b>		
At beginning of the reporting period	420,209	-
Options issued	429,955	349,131
Exercise of options	-	-
Expiry of options	-	-
At the end of reporting period	850,164	349,131
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>No. of options</b>	<b>No. of options</b>
At beginning of the reporting period	4,000,000	-
Issue of options	2,000,000	4,000,000
Exercise of options	-	-
Expiry of options	-	-
At the end of reporting period	6,000,000	4,000,000
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Performance Right Reserve</b>		
At beginning of the reporting period	166,807	-
Performance rights expense	95,713	171,854
Conversion of performance rights	-	(99,200)
At the end of reporting period	262,520	72,654
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>No. of performance rights</b>	<b>No. of performance rights</b>
At beginning of the reporting period	2,100,000	-
Issue of performance rights	-	2,900,000
Conversion of performance rights	-	(800,000)
At the end of reporting period	2,100,000	2,100,000

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

### Employee performance rights & options plan

The Company has adopted a Performance Rights and Option Plan to (a) establish a method by which directors or employees of the Company (Eligible Persons) can participate in the future growth and profitability of the Company; (b) provide an incentive and reward for Eligible Persons for their contributions to the Company; and (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company. Each PR is exercisable for one ordinary share at nil consideration, upon satisfaction of certain performance hurdles set in the Performance Rights and Options Plan (refer to Note 7 for details).

During the six months ended 31 December 2022, nil PRs were issued (2021: 2,900,000), nil PRs were exercised (2021: 800,000) and nil PRs lapsed (2021: nil).

### 7. Share based payments

Share based payments expense for the six months ended 31 December 2022 of \$119,668 relates to the continual vesting of options and rights that were issued in prior periods. Included in capital raising costs of \$552,651 for the six months to 31 December 2022 (Note 5) is \$406,000 relating to the fair value of 2 million options issued on 6 October 2022 to the lead manager of the \$1.5 million capital raise during the six months ended 31 December 2022.

#### Movement and valuation of options

The movements in options during the period ended 31 December 2022 are as follows:

	Half Year Ended 31 December 2022		Half Year Ended 31 December 2021	
	No.	Weighted average grant date fair value \$	No.	Weighted average grant date fair value \$
Outstanding at the beginning of the period	4,000,000	0.110	-	-
Granted during the period	2,000,000	0.203	4,000,000	0.110
Exercised during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>6,000,000</b>	<b>0.141</b>	<b>4,000,000</b>	<b>0.110</b>
Exercisable at the end of the period	6,000,000	0.141	4,000,000	0.110

The following table details the number and weighted average grant fair value at grant date of options outstanding at the period end.

Grant date	Exercise price	Expiry date	No.	Weighted average grant date fair value
06/07/2021	\$0.50	06/07/2024	3,500,000	\$0.086
30/08/2021	\$0.75	31/08/2023	250,000	\$0.3089
30/08/2021	\$1.00	31/08/2023	250,000	\$0.2645
06/10/2022	\$0.30	06/10/2025	2,000,000	\$0.2030
			<b>6,000,000</b>	<b>\$0.1417</b>

#### Options Valuation

The fair value of the services received in return for options granted are measured by reference to the fair value of the options granted or the service provided. The fair value of the services is recognised as an expense on a straight-line basis over the vesting period.

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

In determining the fair value of options granted during the six months ended 31 December 2022, the Company has applied Black-Scholes models, using the following inputs:

Valuation date	06/10/2022
No issued	2,000,000
Share price	\$0.32
Exercise price	\$0.30
Expiry Date	06/10/2025
Expected volatility	100%
Risk free rate	1.468%
Dividend yield	-

### Movement and valuation of performance rights

The movements in performance rights during the six months ended 31 December 2022 are as follows:

	Half Year Ended 31 December 2022		Half Year Ended 31 December 2021	
	No.	Weighted average grant date fair value \$	No.	Weighted average grant date fair value \$
Outstanding at the beginning of the period	2,100,000	0.208	-	-
Granted during the period	-	-	2,900,000	0.185
Exercised during the period	-	-	(800,000)	0.124
<b>Outstanding at the end of the period</b>	<b>2,100,000</b>	<b>0.208</b>	<b>2,100,000</b>	<b>0.208</b>
Exercisable at the end of the period	-	-	-	-

The following table details the number and weighted average grant fair value at grant date of performance rights outstanding at the period end.

Grant date	Expiry date	Performance Hurdle	No.	Weighted average grant date fair value \$
06/07/2021	06/07/2024	(a)	800,000	0.118
06/07/2021	06/07/2024	(b)	800,000	0.098
30/08/2021	31/08/2023	(c)	500,000	0.530
			<b>2,100,000</b>	<b>0.208</b>

The performance hurdles are summarised below:

- Absolute shareholder return: Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a VWAP of Shares of at least \$1.20, calculated over 20 consecutive trading days on which the Company's Shares have traded;
- Absolute shareholder return: Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a VWAP of Shares of at least \$1.80, calculated over 20 consecutive trading days on which the Company's Shares have traded;
- Operational: Performance Rights to be converted into shares, upon the successful return of a Commercial Drilling Intersection, on or before 31 August 2023, and one year of continued employment from the date these Performance Rights are issued.



## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

A Commercial Drilling Intersection is defined to be an ore grade and width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of either borate mineralisation containing +25% B<sub>2</sub>O<sub>3</sub> or lithium – boron mineral containing +0.8% Li<sub>2</sub>O and +12.5% B<sub>2</sub>O<sub>3</sub>.

### Performance Rights Valuation

The fair value of the services received in return for PRs granted are measured by reference to the fair value of the PRs granted. The fair value of the services is recognised as an expense on a straight-line basis over the vesting period and is determined by multiplying the fair value per PR by the number of PRs expected to vest.

The probability of achieving market performance conditions is incorporated into the determination of the fair value per PR. No adjustment is made to the expense for PRs that fail to meet the market condition. The number of PRs expected to vest based on achievement of operational conditions, are adjusted over the vesting period in determining the expense to be recognised in the consolidated income statement. In order to convert PRs, the holders are required to be continually engaged with the Group at the time of achieving the performance hurdles.

### 8. Loss Per Share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the parent company (Balkan Mining and Minerals Limited) as the numerator, i.e., no adjustments to losses were necessary during the six-month periods to 31 December 2022 and 31 December 2021. The weighted average number of shares for the purposes of the calculation of diluted loss per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

Loss Per Share (Continued)	Consolidated entity	
	31 December 2022	31 December 2021
Basic and diluted loss per share (cents)	(2.95)	(4.60)
Loss attributable to ordinary equity holders	(1,504,812)	(2,043,702)
Losses used to calculate basic and diluted EPS	(1,504,812)	(2,043,702)
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	50,931,937	44,449,728
Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS	50,931,937	44,449,728

Anti-dilutive options and performance rights have not been used in the EPS calculation. As of 31 December 2022 there were 6,000,000 options and 2,100,000 performance rights on issue.

### 9. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group's reportable segments have been identified around geographical areas and regulatory environments. The following table presents revenue and result information and certain asset and liability information regarding the relevant segments for the year ended 31 December 2022 for the consolidated entity.

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

<b>Segment Information</b>	<b>Serbia</b>	<b>Canada</b>	<b>Total</b>
<b>Half-Year to 31 December 2022</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment Results</b>			
Other income	69	-	69
Supplier, consulting, investor relations and other expenses	(305,088)	-	(305,088)
Employee benefit expenses	(13,359)	-	(13,359)
<b>Segment result</b>	<b>(318,378)</b>	<b>-</b>	<b>(318,378)</b>
Corporate expenses, net of other income			(1,215,329)
<b>Total</b>			<b>(1,533,707)</b>
<b>Segment assets and liabilities – at 31 December 2022</b>			
Cash at bank, trade & other receivables	29,134	9,346	38,480
Segment other assets	4,906	-	4,906
Segment property, plant & equipment	79,383	-	79,383
Segment exploration assets	1,901,893	407,935	2,309,828
Segment liabilities	(63,668)	(19,319)	(82,987)
<b>Segment total</b>	<b>1,951,648</b>	<b>397,962</b>	<b>2,349,610</b>
Corporate assets			3,866,709
Corporate liabilities			(248,197)
<b>Total</b>			<b>5,968,122</b>
<b>Segment Information</b>	<b>Serbia</b>	<b>Canada</b>	<b>Total</b>
<b>Half-Year to 31 December 2021</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment Results</b>			
Other income	718	-	47
Supplier, consulting, investor relations and other expenses	(223,277)	-	(105,667)
Employee benefit expenses	(13,705)	-	(13,705)
<b>Segment result</b>	<b>(119,325)</b>	<b>-</b>	<b>(119,325)</b>
Corporate expenses			(1,928,187)
<b>Total</b>			<b>(2,047,522)</b>
<b>Segment assets and liabilities – at 30 June 2022</b>			
Cash at bank, trade & other receivables	35,484	-	35,484
Segment other assets	7,165	-	7,165
Segment property, plant & equipment	53,929	-	53,929
Segment exploration assets	1,704,219	-	1,704,219
Segment liabilities	(28,082)	-	(28,082)
<b>Segment total</b>	<b>1,772,715</b>	<b>-</b>	<b>1,772,715</b>
Corporate assets			3,678,308
Corporate liabilities			(104,310)
<b>Total</b>			<b>5,346,713</b>

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

### 10. Contractual Commitments

	Consolidated entity	
	31 December 2022	30 June 2022
<b>Exploration expenditure:</b>	\$	\$
No longer than 1 year	121,105	629,117
Longer than 1 year and not longer than 5 years	532,242	448,245
	<b>653,347</b>	<b>1,077,362</b>

### 11. Lithium projects - Canada

#### *Gorge Lithium Project, Canada*

During the period, the Company entered into a binding agreement with Ombabika Group Inc. (a company incorporated under the laws of Canada and an unrelated party of the Company) to acquire 100% of the Gorge lithium Project (Transaction).

Under the Transaction, the Company has the option to acquire 100% in the Gorge Lithium Project via a staged earn-in acquisition over a period of up to 3.5 years (defined below) (each a Stage) and by satisfying the following conditions (Stage Conditions):

- (a) Acquisition of 25% interest: The Group will acquire an initial 25% interest in the Project (Initial Interest) by: (i) making a cash payment of \$50,000 to Ombabika within 5 days of execution of the formal option and earn-in agreement (Agreement Signing Date); (ii) funding \$100,000 to complete an initial field work program focusing on high grade dykes within six months of the Agreement Signing Date; and (iii) issuing \$50,000 worth of Shares to Ombabika, with the number of Shares based on the volume weighted average price (VWAP) of Shares, calculated over the 10 trading days before the date of issue of the Shares, subject to a floor price of \$0.15 (Floor Price) (such that a maximum of 333,333 Shares may be issued), (together, Stage 1).
- (b) Acquisition of 50% interest: The Group will acquire a further 25% interest in the Project (such that it holds a 50% interest) (50% Interest) by: (i) making a cash payment of \$60,000 on or before the date that is 12 months after the Group earns the Initial Interest; (ii) funding exploration works of at least \$250,000 on or before the date that is 12 months after the Group earns the Initial Interest; and (iii) issuing \$100,000 worth of Shares to Ombabika, based on the VWAP of Shares, calculated over the 10 trading days before the date of issue of the Shares, subject to the Floor Price (such that a maximum of 666,667 Shares may be issued), (together, Stage 2).
- (c) Acquisition of 75% interest: The Group will acquire a further 25% interest in the Project (such that it holds a 75% interest) (75% Interest) by: (i) making a cash payment of \$75,000 on or before the date that is 12 months after the Group earns the 50% Interest; (ii) funding exploration works totalling of at least \$300,000 on or before the date that is 12 months after the Group earns the 50% Interest; and (iii) issuing \$100,000 worth of Shares to Ombabika, based on the VWAP of Shares, calculated over the 10 trading days before the date of issue of the Shares, subject to the Floor Price (such that a maximum of 666,667 Shares may be issued), (together, Stage 3).
- (d) Acquisition of 100% interest: The Group will acquire a further 25% interest in the Project (such that it holds a 100% interest) by: (i) making a cash payment of \$100,000 on or before the date that is 12 months after the Group earns the 75% Interest; (ii) funding exploration works totalling of at least \$500,000 on or before the date that is 12 months after the Group earns the 75% Interest; and (iii) issuing \$150,000 worth of Shares to Ombabika, based on the VWAP of Shares, calculated over the 10 trading days before the date of issue of the Shares, subject to the Floor Price (such that a maximum of 1,000,000 Shares may be issued), (together, Stage 4)

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

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As of 31 December 2022, the Group had completed stage 1 cash payment of \$50,000 and issue of \$50,000 worth of shares to Ombabika.

Notwithstanding any other provisions of the Transaction, the Group can elect, at any time and at its sole and absolute discretion, to accelerate the Transaction and satisfy all of the Stage Conditions at one time with the effect that the Company will acquire an 100% interest in the Project in one stage.

Further, the Group can elect to withdraw from the Transaction at any time and at its sole and absolute discretion (including, for example where exploration results do not warrant further investment). If the Group elects to withdraw from the Transaction or does not satisfy the Stage Conditions in full, the Group will not retain any interest in the Project (and any interest acquired or deemed to have been acquired will be transferred back to Ombabika), any funds paid to Ombabika or expended on the Project pursuant to the Stage Conditions will not be refunded to the Company and any Shares issued to Ombabika pursuant to the Stage Conditions shall be retained by Ombabika and not subject to forfeiture or cancellation by the Company for any reason.

Upon the Group acquiring an 100% interest in the Gorge Lithium Project, Ombabika will be granted a 2% net smelter royalty on all lithium production from the Project. The Group will have the right, but not the obligation, to repurchase back 1% of the NSR for \$1,000,000.

### *Tango Lithium Project, Canada*

During the period, the Company entered into an exclusive option agreement with Exiro Minerals Corp (“Exiro”) (an entity incorporated in Canada) pursuant to the Company’s exclusive 3 year option agreement to acquire 100% interest in the Tango Lithium Project on following key terms and conditions:

- (a) The Group completing the following cash payments and share issuance of:
  - (i) CAD\$50,000 cash and CAD\$100,000 in shares of BMM;
  - (ii) CAD\$25,000 cash and CAD\$75,000 in shares of BMM on or before the 1st anniversary;
  - (iii) CAD\$30,000 cash and CAD\$90,000 in shares of BMM on or before the 2nd anniversary;
  - (iv) CAD\$35,000 cash and CAD\$105,000 in shares of BMM on or before the 3rd anniversary;(BMM Shares to be priced at 20 day volume weighted average closing share price).
- (b) Exiro retains a 2% net smelter return royalty; and
- (c) should the Group elect not to proceed with the transaction during the period, and cash payments and share issuances are not paid by the stipulated dates, the Company’s right to earn an interest in the Project will be extinguished and the Agreements will be terminated. Upon such termination, Exiro will be entitled to retain any cash and shares it has received prior to the date of termination. The Group also commits to returning the Property to Exiro in good standing for a minimum of 12 months from the date of lapse of the Option.

As of 31 December 2022, the Company had completed initial cash payment of \$54,957 (CAD50,000) and issue of \$114,204 (CAD100,000) worth of shares to Exiro.

### *Arrel Lithium Project, Canada*

In December 2022, the Company announced the acquisition of the Arrel Project in Ontario, Canada. In consideration for acquiring the claims, the Company agreed to granting a 1.5% net smelter royalty.

## **12. Contingent Liabilities**

From time to time the consolidated entity may be party to claims from suppliers and service providers arising from operations in the ordinary course of business. Since 30 June 2022, there has been no change in claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the consolidated entity’s financial position or results from operations.

## Notes to and Forming Part of the Accounts

For the Half-Year Ended 31 December 2022

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### 13. Events Subsequent to Balance Date

Subsequent to period end the following key events have occurred:

- (a) On 13 February 2023, the Company issued 3,000,000 Performance Rights to Managing Director, Mr Ross Cotton, following shareholder approval being obtained shortly before. The performance hurdles are summarised below:
- (i) 1,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$40,000,000;
  - (ii) 1,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$80,000,000;
  - (iii) 1,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving the successful return of a “commercial lithium drilling intersection”. A commercial drilling intersection is defined to be an ore grade and width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of lithium mineral containing +1.0% Li<sub>2</sub>O.

Please refer to Notice of General Meeting dated 13 January 2023 for full terms and conditions. Approved by shareholders on 13 February 2023.

- (b) On 13 February 2023, the Company issued 5,800,000 Performance Rights to newly appointed director, Mr Karl Simich, following shareholder approval being obtained shortly before. The performance hurdles are summarised below:
- (i) 2,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$40,000,000;
  - (ii) 800,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving a market capitalization of no less than \$80,000,000;
  - (iii) 3,000,000 Performance Rights to be convertible into shares, subject to satisfaction of the Company achieving the successful return of a “commercial lithium drilling intersection”. A commercial drilling intersection is defined to be an ore grade and width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of lithium mineral containing +1.0% Li<sub>2</sub>O.

Please refer to Notice of General Meeting dated 13 January 2023 for full terms and conditions. Approved by shareholders on 13 February 2023.

- (c) On 9 March 2023, the Company announced that it has entered into a binding purchase and sale agreement to acquire 100% of the Barbara Lithium exploration project located in the Barbara Lake Area, Thunder Bay North Mining District of Ontario, Canada.

The Claim Purchase Agreement executed between the Company and 1361707 B.C. Ltd is binding on both parties. The agreement is subject to completion of due diligence requirements to the satisfaction of the Company, before 30 April 2023.

To acquire a 100% interest in the mining claims, the total consideration to be provided by the Company is:

- i) the issue of 3,000,000 fully paid ordinary shares in the Company to 1361707 B.C. Ltd (or nominee); and
- ii) Granting 1361707 B.C. Ltd a 1.5% net smelter return royalty in respect of any mineral production from the mining claims acquired by the Company.

Refer to the Company’s announcement of 9 March 2023 for further details.

There are no other matters or circumstances which have arisen since the end of the half year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF BALKAN MINING AND MINERALS LIMITED

#### Report on the Interim Financial Report

#### Conclusion

We have reviewed the half-year financial report of Balkan Mining and Minerals Limited (the company) and controlled entities (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 the 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 of the Group comprising the company and the entities it controlled at 31 December 2022, or during the half year.

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 Balkan Mining and Minerals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its 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.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

#### Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Directors' Responsibility for the Interim 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 the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls 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.

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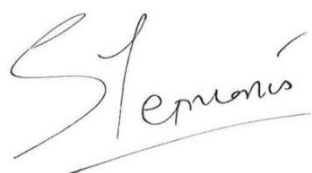
### Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

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.



PKF PERTH



SIMON FERMANIS  
SENIOR PARTNER

15 MARCH 2023  
WEST PERTH,  
WESTERN AUSTRALIA







**Balkan**  
Mining and Minerals Limited

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