

2021 Annual Report

For the Period Ended 30 June 2021



Balkan

Mining and Minerals Limited

BALKANMIN.COM

ABN 67 646 716 681

Corporate Directory

Directors

Mr Sean Murray

Non-Executive Chairman

Mr Ross Cotton

Managing Director

Mr Luke Martino

Non-Executive Director

Mr Milos Bosnjakovic

Non-Executive Director

Company Secretary

Mr Harry Spindler

Bankers

Commonwealth Bank of Australia

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PERTH WA 6000

Share Registry

Advance Share Registry Ltd

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NEDLANDS WA 6009

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Australian Legal Advisers

Steinepreis Paganin

Level 4, 50 Market Street
MELBOURNE VIC 3000

Registered Office

311-313 Hay Street, SUBIACO WA 6008

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

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ABOUT BALKAN RESOURCES

Balkan Mining & Minerals Limited (ASX: BMM) ("Balkan" or the "Company") is an ASX listed company focused on the early-stage exploration through to development of borate and associated lithium in the Balkans. The Company's Projects comprise the Rekovac, Dobrinja and Pranjani Lithium-Borate Projects which are located within the Republic of Serbia.

DIRECTORS' REPORT

The Directors' present their report together with the financial report of Balkan Mining & Minerals Limited (**BMM**, **Balkan** or the **Company**) (ASX: BMM) and its controlled entities (the **Group**, or **Consolidated Entity**) for financial period 18 December 2020 (date of incorporation) to 30 June 2021.

This is the Company's first Annual Report following the Company's incorporation on 18 December 2020. BMM is a limited liability company that is incorporated in Australia.

All amounts are presented in Australian Dollars (AU\$), unless noted otherwise.

Directors

The names and the particulars of the Directors who held office during or since the end of the financial period and until the date of this report are disclosed below.

Name	Status	Appointment/ Resignation
Mr Sean Murray	Non-Executive Chairman	Appointed on 12 July 2021
Mr Ross Cotton	Managing Director	Appointed on 18 December 2020
Mr Luke Martino	Non-Executive Director	Appointed on 18 December 2020
Mr Milos Bosnjakovic	Non-Executive Director	Appointed on 12 July 2021
Mr Adrian Paul	Non-Executive Director	Appointed on 18 December 2020, resigned 12 July 2021

Principal activities

BMM is a newly incorporated mineral exploration company which is presently focused on the exploration of lithium and borates in the Balkans region of Serbia.

Review of operations & financial results

The Group made a loss for the period ended 30 June 2021 of \$443,581 and as at 30 June 2021, the Group had net assets of \$996,143.

During the financial period since its incorporation to 30 June 2021, the Company's operations have been limited to completing the acquisition of its Serbian exploration licenses, in preparation for concerted strategic campaign of exploration activities, to be funded by proceeds raised under its initial public offering (IPO).

The Company was incorporated as a wholly owned subsidiary of Jadar Resources Ltd (**JDR**). In February 2021, following a strategic review by JDR of its assets, JDR announced that it would demerge its assets located in Serbia via the demerger of the Company (**Demerger**). In April 2021, and the Company undertook the following restructure:

- JDR transferred 100% of the issued capital in its wholly owned subsidiary, Centralist Pty Ltd (**Centralist**) (which in turn holds all of the issued capital of Jadar Lithium D.O.O (an entity incorporated in Serbia) (**Jadar Serbia**), 100% owner of the Group's Serbian projects) to the Company; and
- JDR assigned its right to receive amounts owing from Jadar Serbia under intercompany loan agreements of approximately \$1.44 million to the Company in consideration for the Company issuing 9,999,998 Shares to JDR.

On 25 May 2021, the Company lodged its Prospectus with the Australian Securities and Investments Commission to undertake a Public Offer to raise \$6,500,000 (before costs) and seek admission to the Official List of the Australian Securities Exchange (**ASX**). The Company completed its Public Offer and official quotation of BMM's ordinary shares commenced trading on 14 July 2021.

Directors' Report

Dividends paid or recommended

There were no dividends paid or recommended during the financial period ended 30 June 2021.

Significant changes in 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 the Annual Report.

Annual Mineral Resources Statement

As at 30 June 2021, the Group does not have any Mineral Resources Estimates

The Company's Projects do not have defined Mineral Resources or Ore Reserves. The Projects are early stage "greenfields" exploration projects covering regions that are considered prospective for lithium and borate minerals. There has been insufficient exploration works at the Rekovac Project to define a Mineral Resource or Ore Reserve and no geological exploration works have been undertaken at the Dobrinja Project and Pranjani Projects (due to exploration licences comprising those Project areas having only recently been granted by the Serbian authorities).

Compliance Statement

This Annual 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: "Prospectus" 25 May 2021 and "Surface Mapping at Rekovac Completed" 20 August 2021.

Significant events after reporting date

Subsequent to the financial period end the following key events have occurred:

- (a) In July 2021, the Company completed its ASX listing and closed its Public Offer, Options Offer, Advisor Offer and Performance Rights Offer (collectively, the **Offers**) made under its Prospectus dated 25 May 2021. As a result, the Company:
 - (i) issued 32,500,000 fully paid ordinary shares (Shares) at an issue price of \$0.20 per Share to raise \$6,500,000 before costs pursuant to the Public Offer;
 - (ii) issued 2,500,000 Shares to the Corporate Advisor pursuant to the Advisor Offer;
 - (iii) issued 3,500,000 Options with an exercise price of \$0.50 each and expiry date of 6 July 2024 pursuant to the Options Offer; and
 - (iv) issued 2,400,000 Performance Rights pursuant to the Performance Rights Offer.
 - (v) welcomed Mr Sean Murray as Non-Executive Chairman and Mr Milos Bosnjakovic as Non-Executive Director of the Company. Additionally, Mr Adrian Paul resigned as a director of the Company on the same day.Refer to the Prospectus for further details.
- (b) On 30 August 2021, the Company issued the following incentive securities to its General Manager of Exploration:
 - (i) 250,000 unlisted Options with an exercise price of \$0.75, expiry date on 31 August 2023 and are subject to a vesting condition of one year of continued employment from the date the Options were issued;
 - (ii) 250,000 unlisted Options with an exercise price of \$1.00, expiry date on 31 August 2023 and are subject to a vesting condition of one year of continued employment from the date the Options were issued; and

Directors' Report

- (iii) 500,000 unlisted Performance Rights, which will vest upon a performance hurdle of the successful return of a "commercial lithium/borate" drilling intersection, on or before 31 August 2023.

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% B₂O₃ or lithium – boron mineral containing +0.8% Li₂O and +12.5% B₂O₃. Satisfaction of the performance hurdle is to be determined by the Board.

- (c) On 2 September 2021, issued 800,000 fully paid ordinary shares (restricted) to the Company's management upon the conversion of Performance Rights;
- (d) On 24 September 2021, the company announced that it had entered into a Marketplace Platform Agreement with Puro.earth for the identification of CO₂ removal certificates for its projects in Serbia.

Other than operational results as detailed in the review of operations, there are no other significant matters subsequent to year end.

Information on Directors

Mr Sean Murray	Non-Executive Chairman (appointed on 12 July 2021)
Experience	<p>Mr Murray has an Honours degree in modern languages and a post graduate Master's degree in Business Management and Economics from the Manchester Business School, part of the University of Manchester Institute of Science and Technology, in the United Kingdom. Mr Murray has more than 40 years' experience worldwide in the chemicals and mining industries, including non-ferrous metals and minerals and industrial minerals. His successful executive management career includes senior roles with Australian Mining and Smelting (CRA), Pasminco Europe and Pasminco Inc and Rio Tinto plc where he became Managing Director of Borax Europe and then Deputy Chief Executive, Rio Tinto Borax in the 1990s and early 2000s.</p> <p>Mr Murray has also served on the boards of Rio Tinto operating companies either as president or as an executive director in the USA (California), Argentina, France, Germany, Holland, Spain and Italy. He has been a Vice-President of the European Zinc Institute (The Hague), and an Industry Advisor on non-ferrous metals and minerals to the UK government at the International Lead Zinc Study Group, (United Nations). He was a Vice-President of the Industrial Minerals Association and President of the European Borates Association in Brussels where he became involved in Public Relations and Sustainable Development.</p> <p>Since 2005, Mr Murray has provided consulting services on marketing, planning and strategy to the industrial minerals sector in Europe, Australia and the Americas and has held non-executive directorships on the boards of AIM and ASX listed copper, gold, tungsten, potash and fluorspar companies including, Fluormin plc (formerly LSE:FLOR and Potash Minerals Ltd (formerly (ASX:POK)). He was a senior partner in a New York based LLP developing minerals businesses in the former Soviet Union. Mr Murray is fluent in a number of European languages including German and Spanish. Mr Murray has British and Irish citizenship and lives in Surrey in the United Kingdom.</p> <p>The Board considers that Mr Murray is an independent Director.</p>
Interest in Shares and Options	<p>nil ordinary fully paid shares</p> <p>500,000 options</p> <p>nil performance rights</p>
Special Responsibilities	Member of the Audit & Risk Committee, Chair of the Remuneration Committee and member of the Nomination Committee
Directorships held in other listed entities	Previously Non-executive Director of Fluormin plc (LSE) and Potash Minerals Ltd (ASX)

Directors' Report

Information on Directors

Ross Cotton	Managing Director (appointed on 18 December 2020)
Experience	<p>Mr Ross Cotton has over 15 years of experience in the securities and mining industries and has been instrumental in both the financing and management of mining and resource companies globally.</p> <p>Mr Cottons' experience in investment banking and equity capital markets has provided him with detailed experience in corporate transaction management and execution. In these roles, Mr Cotton has been integral in the recapitalisation and restructuring of companies, including managing of initial public offerings and reverse takeovers. In addition to a number of managerial roles with ASX listed companies, Mr Cotton has also provided corporate advisory services to listed companies on strategy, acquisitions as well as financing via both debt and equity for a number of years.</p> <p>Mr Cotton currently manages a private mining strategy and finance consulting business and utilises his networks established in investment banking, mining and management to provide solutions for the effective implementation of business strategies and management solutions.</p> <p>The Board does not considers that Mr Cotton to be an independent Director.</p>
Interest in Shares and Options	600,000 ordinary fully paid shares 1,750,000 options 1,200,000 performance rights
Special Responsibilities	-
Directorships held in other listed entities	Not Applicable

Luke Martino	Non-Executive Director (appointed on 18 December 2020)
Experience	<p>Mr Martino holds a Bachelor of Commerce (BCom) is a Fellow of the Institute of Chartered Accountant Australia and New Zealand (FCA) and a member of the Institute of Company Directors (FAICD).</p> <p>His area of expertise includes corporate finance and business growth consulting advice to the mining and resources sector and a wide range of other industries. Mr Martino is Non-Executive Chairman of Jadar and was a Director of Pan Asia Corporation Ltd and was a Non-Executive Director of Skin Elements Limited.</p>
Interest in Shares and Options	nil ordinary fully paid shares 500,000 options nil performance rights
Special Responsibilities	Chair of the Audit & Risk Committee, member of the Remuneration Committee and member of the Nomination Committee
Directorships held in other listed entities	Non-executive Chairman of Jadar Resources Limited (ASX: JDR)

Directors' Report

Information on Directors

Milos Bosnjakovic	Non-Executive Director (appointed 13 May 2020)
Experience	<p>Mr Milos Bosnjakovic is a lawyer by profession with strong links and experience in the Balkan countries of the former Yugoslavia Republics, Australia and New Zealand. He has been involved in the resources industry in Australia and the Balkans for almost 20 years and has considerable corporate experience within the industry.</p> <p>Mr Bosnjakovic is a dual national of Australia and Bosnia and Herzegovina and was also the co-founder of ASX-listed Sultan Corporation Limited which became Balamara Resources Limited, which held the Monty Zinc Project in Montenegro. Milos was co-founder of ASX-listed Adriatic Metals PLC (ASX: ADT) and his previous roles have also included acting as Non-Executive Director and Country Manager of Adriatic Metals PLC.</p> <p>The Board considers that Mr Bosnjakovic is an independent Director.</p>
Interest in Shares and Options	<p>nil ordinary fully paid shares</p> <p>500,000 options</p> <p>nil performance rights</p>
Special Responsibilities	Member of the Audit & Risk Committee, member of the Remuneration Committee and Chair of the Nomination Committee
Directorships held in other listed entities	Previously Non-executive Director of Adriatic Metals PLC (ASX: ADT) and Balamara Resources Limited (ASX: BMB)

Adrian Paul	Non-Executive Director (appointed on 18 December 2020, resigned 12 July 2021)
Experience	<p>Mr Paul has over 30 years of experience in the securities industry, and was previously a partner in the Australian stockbroking firm D.J. Carmichael & Co. Mr Paul has held various non-executive directorships of public companies listed on ASX such as Chrysalis Resources Limited.</p> <p>Mr Paul currently manages a private investment company and utilises his extensive networks established in stockbroking and investment banking.</p> <p>Mr Paul resigned as a director of the Company on 12 July 2021.</p>

Information on Company Secretary

Harry Spindler
<p>Mr. Spindler is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having held various company secretary positions and been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries over the past 22 years.</p> <p>Harry is a member of the institute of Chartered Accountants Australia and New Zealand and a member of the Financial Services Institute of Australia. Mr Spindler began his career in corporate recovery and restructuring at one of Australia's leading independent financial advisory and restructuring providers Ferrier Hodgson (now KPMG) and has for the past 11 years worked for corporate advisory firm, Indian Ocean Consulting, through which he has advised a number of clients in a range of industries, as well as held positions as company secretary for a number of ASX-listed companies, including Sino Gas & Energy Holdings Ltd (ASX: SEH; ASX 300), an Australian energy company focused on developing gas assets in China.</p> <p>Mr Spindler is also Company Secretary of Equinox Resources Limited.</p>

Directors' Report

Directors Meetings & Committee Meetings

The following table sets out the number of Directors' meetings held during the financial period and the number of meetings attended by each Director (while they were a Director or committee member) of the Company. During the financial year, one Board meeting was held.

	Director's Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Sean Murray	-	-	-	-	-	-
Ross Cotton	1	1	-	-	-	-
Luke Martino	1	1	-	-	-	-
Milos Bosnjakovic	-	-	-	-	-	-
Adrian Paul	1	1	-	-	-	-

Members of the Audit & Risk and Nomination & Remuneration committees as at the date of this report are noted in the table below.

Audit & Risk Committee	Remuneration Committee	Nomination Committee
Luke Martino (chair)	Sean Murray (chair)	Milos Bosnjakovic (Chair)
Sean Murray	Luke Martino	Sean Murray
Milos Bosnjakovic	Milos Bosnjakovic	Luke Martino

Share Options

At the date of this report, the un-issued ordinary shares of Balkan Mining & Minerals Limited under option are as follows:

Issue Date	Expiry Date	Exercise Price	Number of shares under option
06/07/2021	06/06/2024	\$0.50	3,500,000
30/08/2021	31/08/2023	\$0.75	250,000
30/08/2021	31/08/2023	\$1.00	250,000
			4,000,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Movement in Options

During the period ended 30 June 2021, no options were issued, exercised into shares or lapsed. Since 30 June 2021, 4,000,000 options have been issued, none have lapsed or been exercised.

Performance Rights ("PR")

At the date of this report, the performance rights issued of Balkan Mining & Minerals Limited are as follows:

Issue Date	Expiry Date	Performance Condition	Number of performance rights
06/07/2021	06/07/2024	(a)	800,000
06/07/2021	06/07/2024	(b)	800,000
31/08/2021	31/08/2023	(c)	500,000
			2,100,000

Directors' Report

Movement in PRs

During the period ended 30 June 2021, no PR's had been issued by the Company.

Since 30 June 2021, the Company has agreed to issue 2,900,000 PR's to directors, employees and consultants of the Group. On 2 September 2021, 800,000 performance rights were converted into fully paid ordinary shares upon the satisfaction of the performance milestone, the Company achieving a volume weighted average price (VWAP) of Shares of at least \$0.60, calculated over 20 consecutive trading days on which the Company's Shares have traded.

The issue of the Performance Rights is to appropriately incentivise directors, employees and consultants of the Group and to assist the Company in retaining their services and expertise in a manner which does not unduly impact on cash reserves. Each Performance Right will vest into one Share subject to the achievement of the following performance milestones:

- (a) Performance Rights will vest upon 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; and
- (b) Performance Rights will vest upon 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
- (c) Performance Rights will vest upon a performance hurdle of the successful return of a "commercial lithium/borate" 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 either borate mineralisation containing +25% B₂O₃ or lithium – boron mineral containing +0.8% Li₂O and +12.5% B₂O₃.

Likely Future Developments

The Company's strategy is to increase shareholder value by maximising the value of its exploration assets in Serbia and over time diversification of its asset portfolio.

The Group intends to continue to undertake appropriate exploration and evaluation activities sufficient to maintain tenure of its exploration licences, as well as, determine the technical prospectively of the projects, until such time that informed decisions can be made in order to commercially exploit or relinquish them.

Indemnifying Officers

During the financial period, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental Regulations

The Company's operations are not regulated by any significant environmental regulation under the Law of the Commonwealth or of a State or Territory of Australia. However, the group's operations in the Republic of Serbia are subject to environmental regulations under the Serbian laws. The group has a policy of complying with its environmental performance obligations and at the date of this report, it is not aware of any breach of such regulations.

Directors' Report

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year

Auditor

PKF Perth are the Company's Auditor and continue in office in accordance with section 327 of the Corporations Act 2001.

Non-Audit Services

An amount of \$10,950 was paid to the external auditor during the period for non-audit services. These services related to the issue of an Independent Limited Assurance report for inclusion in the Company's Prospectus. The Directors are satisfied that any non-audit services provided during the period ended 30 June 2021 did not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at the following URL: www.balkanmin.com/corporate-governance/.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's directors and key management personnel for the financial period ended 30 June 2021. The key management personnel of the Company include the Directors and other officers of the Company. For the purposes of this report "key management personnel" are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company.

The information provided in this remuneration report has been audited in accordance with section 300A of the Corporations Act 2001.

Remuneration Policy

The Company's guiding principles for remuneration strategy used throughout 2021 recognises that:

- Remuneration must be strongly linked to Company performance;
- Remuneration must be competitive to enable the Company to attract and retain quality individuals who are capable and motivated to deliver results for shareholders;
- Remuneration must provide significant incentive to deliver superior performance against the Company's strategy and key business goals;
- Remuneration must be fair and competitive with both peers and competitor employers; and
- Remuneration must be transparent to shareholders.

The nature and amount of remuneration for the non-executive Directors and executives depends on the nature of the role and market rates for the position, with the assistance of external surveys and reports, and taking into account the experience and qualifications of each individual. The Board ensures that the remuneration of key management personnel is competitive and reasonable. Fees and payments to the non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Director's fees and payments are reviewed annually by the Board.

In undertaking a review of the performance of both directors and executives, consideration is given to the respective performance of the person during the review period; however, there are no prescribed performance measures or hurdles connected with the level of remuneration.

Directors' Report

The Company's Remuneration Committee has responsibility and oversight for making recommendations to the Board regarding remuneration for directors and employees.

The Company will continue to monitor its remuneration framework against market benchmarks and ensure that the linkages between remuneration and company performance remain strong.

Key Developments

During the period 18 December 2020 to 30 June 2021, the Company maintained focus on improving the alignment of KMP incentive-based compensation with shareholder value through refinement of performance measures incorporated into KMP sign-on remuneration packages. This incentive was supported with the adoption of the Company's Performance Rights and Option Plan in April 2021 (following shareholder approval). This plan was adopted to:

- establish a method by which directors or employees of the Company (Eligible Persons) could participate in the future growth and profitability of the Company;
- provide an incentive and reward for Eligible Persons for their contributions to the Company; and
- attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Given the current size, nature and risks of the Company, having the ability to offer incentive options and performance rights is useful to attract and retain directors and executives. The grant of such options or rights is at the discretion of the Board and subject, as appropriate, to shareholder approval. The Board believes participation in the Company's Performance Rights and Options Plan (incentive scheme) motivates key management and executives with the long-term interests of shareholders. Please refer to further in this report for details on awards made under this plan during the year.

As part of the Company's ASX listing process, Directors and KMP agreed not to receive remuneration until following the Company's admission to the ASX, which was completed in July 2021. Accordingly, the Directors did not receive any remuneration for the financial period ending 30 June 2021.

Obtaining and considering shareholder feedback on remuneration strategies is a core focus of the Nomination & Remuneration Committee's.

Prior Period Remuneration Report Vote

As the Company was only incorporated in December 2020, the Company has not yet held an Annual General Meeting.

Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants to review the Key Management Personnel remuneration for the period ended 30 June 2021.

Securities Trading Policy

The trading of BMM's securities by directors, key management personnel, their associates and employees of the Company is subject to, and conditional upon, compliance with the Company's Securities Trading Policy ("Securities Trading Policy"). The Company's security trading policy applies to trading in all Company securities, which includes:

- Company securities (such as shares);
- any other securities issued by the Company, such as options;
- derivatives and other financial products issued or created over or in respect of Company securities; and
- securities of any other company or entity that may be affected by inside information.

The securities trading policy details acceptable and unacceptable times for trading in Company Securities including detailing potential civil and criminal penalties for misuse of "inside information".

Directors' Report

Any Director, executive or key management personnel wishing to trade in the Company's securities must consult the Chairman and Company Secretary to gain approval to trade and ensure that trading restrictions are not in force. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

Directors' Remuneration

Directors are remunerated by way of fixed fees and the award of performance based Long Term Incentives (LTI) through the award of PRs or options under the Company's Performance Rights and Option Plan, as approved by Shareholders where required.

Director remuneration is reviewed periodically. Fees paid to directors are determined with reference to:

- the nature of the role, responsibilities and time commitment, including membership of board committees;
- the personal performance, skills and experience of the individual;
- the individual's overall contribution to the success of the business;
- industry benchmarking data and market conditions; and
- the need to attract a diverse and well-balanced group of individuals with relevant experience and knowledge.

Fixed fees for the 2022 financial year are as follows:

- Executive director: \$240,000
- Chairman £36,000
- Non-executive directors \$50,000

The Non-Executive Directors' fees are approved by the Board within the aggregate approved by the shareholders at a general meeting. The fee pool currently stands at \$500,000.

The Company does not provide retirement benefits, however directors may salary sacrifice an element of their total remuneration to superannuation. In addition, the Board seeks shareholder approval for any options that may be issued to directors.

The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed periodically. Shareholder approval is sought where there is a proposed change in the total remuneration paid to non-executive directors, together with the award of securities to directors.

The Board considers the Company's particular circumstances as well as the fees paid to executive and non-executive directors of comparable companies when undertaking the review process and determining the nature and amount of key management remuneration.

Directors' Report

Details of the Remuneration

The Key Management Personnel of Balkan Mining & Minerals Limited includes the Directors of the Company.

The following tables show details of the remuneration received by the key management personnel of the group for the current financial period.

		Short Term Salary & Fees \$	Post-Employment Superannuation \$	Other/ Bonus \$	Share-based payments		Total \$	Equity based remuneration %
					Incentive Options LTI \$	Performance Rights LTI \$		
Ross Cotton ¹ (Managing Director)	2021	-	-	-	-	-	-	-
Luke Martino ² (Non-Executive Director)	2021	-	-	-	-	-	-	-
Adrian Paul (Non-Executive Director – Resigned 12 July 2021)	2021	-	-	-	-	-	-	-
Total	2021	-	-	-	-	-	-	-

1. Fees paid to Skyflake Investments Pty Ltd
2. Fees paid to Indian Ocean Consulting Group Pty Ltd.

Directors' Report

Services Agreements

Remuneration and other terms of employment for the Executive Directors and other executives are formalised in service agreements. Provisions of the agreements relating to remuneration in place at 30 June 2021 (however, remuneration not payable until the Company's ASX admission which took place on 12 July 2021) are set out below.

Ross Cotton, Executive Director

- Term of agreement: 18 December 2022
- Notice/termination period: without cause 6 months, material change to engagement 1 month
- Incentive PR's and Options: should Mr Cotton terminates the agreement or BMM terminates the agreement due to cause, performance rights and options which have not converted or been exercised into shares) will automatically lapse. Should the Company terminate the agreement without cause, all performance rights will automatically vest and all options which have not already been exercised will continue to be held and be exercisable by Mr Cotton.

There were no other service agreements in place with KMP for the period ended 30 June 2021.

Share-based payments

During the financial period ended 30 June 2021, the Company did not issue any incentive options or PRs to KMP as detailed below. Since 30 June 2021, as part of the Company's listing prospectus, the Company did issue 3,250,000 options and 1,800,000 PR's to KMP.

KMP Performance Rights

During the financial period ended 30 June 2021, the Company issued nil PRs to KMP.

Since 30 June 2021, the Company, under its IPO Prospectus, has issue 1,800,000 PRs to KMP as detailed below:

Details	Performance Milestone	Issue date	Performance Period End / Expiry date	No. issued
R Cotton	(a)	06/07/2021	06/07/2023	600,000
	(b)	06/07/2021	06/07/2024	600,000
	(c)	06/07/2021	06/07/2024	600,000

Performance Milestones:

- PR's will vest upon the Company achieving a volume weighted average price (VWAP) of Shares of at least \$0.60, calculated over 20 consecutive trading days on which the Company's Shares have traded

The performance milestone for these PR's has since been satisfied and these PR were converted to fully paid ordinary shares on 2 September 2021.
- PR's will vest upon 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;
- PR's will vest upon 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.

KMP Incentive Options

During the financial period ended 30 June 2021, the Company issued nil incentive options to KMP.

Since 30 June 2021, the Company, under its IPO Prospectus, has issued 3,250,000 incentive options to KMP as detailed below:

Directors' Report

Details	Issue date	Expiry date	Exercise Price	No. issued
S Murray	06/07/2021	06/07/2024	\$0.50	500,000
R Cotton	06/07/2021	06/07/2024	\$0.50	1,750,000
L Martino	06/07/2021	06/07/2024	\$0.50	500,000
M Bosnjakovic	06/07/2021	06/07/2024	\$0.50	500,000

During the financial period ended 30 June 2021 or up to the date of this report, Nil options issued to KMP were exercised and Nil options lapsed.

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial period.

Other Related Party Transactions

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. During the year, the Group acquired the services from entities that are controlled by members of the Group's key management personnel. Please refer to Note 18 for details of the transactions.

Historical Information

The table below sets out summary information about the Group's earnings and performance for the period since the Company's incorporation (18 December 2020) to 30 June 2021.

	2021
Revenue (\$)	-
Net loss after tax (\$)	443,581
Dividends (\$)	-
Basic loss per share (\$ cents)	0.14
Diluted loss per share (\$ cents)	0.14
Share price at the start of the year (A\$)*	n.a
Share price at the end of the year (A\$)*	n.a

* The Company's securities were officially quoted on the ASX on 14 July 2021.

Directors' Report

KMP Holdings

The Board considers it important that the directors and senior management hold BMM shares to encourage the behaviours of long-term owners.

As at 30 June 2021, KMP held ordinary shares, options and PRs as listed below:

Director	Balance at the start of the period			Granted as Remuneration during the period			Exercise during the period			Other changes during the period			Balance at the end of the period		
	Shares	Options	PRs	Shares	Options	PRs	Shares	Options	PRs	Shares	Options	PRs	Shares	Options	PRs
S Murray	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R Cotton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
L Martino	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M Bosnjakovic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A Paul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Since 30 June 2020, the Company has issued:

(a) 500,000 Options each to Mr Murray, Mr Martino and Mr Bosnjakovic; and

(b) 1,750,000 Options and 1,800,000 PRs to Mr Cotton.

Please refer above and to the Company's Prospectus dated 25 May 2021 for further details on these allotments.

REMUNERATION REPORT (END)

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



Ross Cotton

Managing Director

29 September 2021

Directors' Declaration

Directors' Declaration

In the Director's opinion:

1. The consolidated financial statements and notes set out on pages 17 and 38 are in accordance with the Corporations Act 2001, including:
 - a) complying with Australian Accounting Standards and Corporations Regulations 2001;
 - b) giving a true and fair view, the consolidated entity's financial position as at 30 June 2021 and of its performance for the period ended on that date;
 - c) complying with International Financial Reporting Standards as disclosed in Note 1; and
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.
3. This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Ross Cotton

Managing Director

29 September 2021

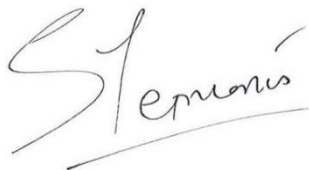
AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF BALKAN MINING & MINERALS LIMITED

In relation to our audit of the financial report of Balkan Mining & Minerals Limited for the period ended 30 June 2021, 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



SIMON FERMANIS
PARTNER

29 SEPTEMBER 2021
WEST PERTH,
WESTERN AUSTRALIA

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 30 June 2021

	Note	2021 \$
Other income		2
Consulting fees		(110,000)
Depreciation		(1,161)
Marketing and investor relations		(28,550)
Other expenses		(63,198)
Professional fees	3	(235,674)
Share registry and listing fees		(5,000)
Loss before income tax expense		(443,581)
Income tax expense	4	-
Loss for the period		(443,581)
Other comprehensive income:		
Items which may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations		(3,833)
Total other comprehensive income for the period		(3,833)
Total Comprehensive loss for the period		(447,414)
Total loss for the period attributable to:		
Members of the parent entity		(443,581)
		(443,581)
Total comprehensive loss for the period attributable to:		
Members of the parent entity		(447,414)
		(447,414)
Loss per share for loss attributable to the ordinary equity holders of the Company:		
		Cents
Basic and diluted loss per share	5	0.14

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 \$
Current Assets		
Cash and cash equivalents	7	1,152
Trade and other receivables	8	33,024
Prepayments		73,132
Total Current Assets		107,308
Non-Current Assets		
Plant and equipment		5,058
Exploration and evaluation asset	9	1,502,693
Total Non-Current Assets		1,507,751
Total Assets		1,615,059
Current Liabilities		
Trade and other payables	12	217,432
Borrowings		401,484
Total Current Liabilities		618,916
Total Liabilities		618,916
Net Assets		996,143
Equity		
Issued capital	14	1,443,557
Reserves	15	(3,833)
Accumulated losses	16	(443,581)
Total Equity		996,143

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Period Ended 30 June 2021

CONSOLIDATED ENTITY	Note	Issued Capital \$	Foreign Currency Reserve \$	Accumulated Losses \$	Total \$
Balance at 18 December 2020		-	-	-	-
Loss for the period	16	-	-	(443,581)	(443,581)
Other comprehensive income		-	(3,833)	-	(3,833)
Total Comprehensive loss for the period		-	(3,833)	(433,581)	(447,414)
Transactions with owners, recognised directly in equity					
Issue of shares	14	1,443,557	-	-	1,443,557
Balance at 30 June 2021		1,443,557	(3,833)	(443,581)	996,143

Statement of Cash Flows

For the Period Ended 30 June 2021

	Note	2021 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees		(224,520)
Net cash (used in) operating activities	20	(224,520)
Cash Flows from Investing Activities		
Payments for plant and equipment		(5,174)
Payments for exploration and evaluation		(62,291)
Net cash (used in) investing activities		(66,465)
Cash Flows from Financing Activities		
Proceeds from issue of shares	14	2
Proceeds from borrowings	13	272,815
Net cash provided by financing activities		272,817
Net (decrease) in cash and cash equivalents		(18,168)
Cash and cash equivalents at the beginning of the financial period		-
Foreign exchange		19,320
Cash and cash equivalents at the end of the financial period	7	1,152

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

1. Statement of Significant Accounting Policies

(a) Reporting Entity

Balkan Mining & Minerals Limited (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 financial report of the Company as at and for the financial period 18 December 2020 (date of incorporation) to 30 June 2021, comprises the Company and its controlled entities (together referred to as the "Group").

The financial report was authorised for issue by the Directors on 29 September 2021.

(b) Statement of Compliance

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

(c) Basics of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. 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 report has been prepared on a going concern basis.

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. 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 year ended 30 June 2021 the Group recorded a loss of \$443,581, a net working capital deficit of \$511,608 and had net cash outflows from operating activities of \$224,520. Subsequent to 30 June 2021, the Company has raised \$6,500,000 (before costs) from initial public offering and admission to the Official List of the ASX, completed on 12 July 2021.

COVID-19 Impact

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on the likelihood of normal business operating conditions. This creates a level of uncertainty about the future trading outlook for all organisations globally and the Company is no exception. It is not possible to reliably assess the potential impacts at the present time which may cast a significant doubt as to whether the Company will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. As a consequence of COVID-19, the management has reviewed the annual budget forecast and communicated with external consultants for government subsidies where eligibilities are met.

(d) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

All transactions and balances between Group companies are eliminated on consolidation in full. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(e) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

(f) Plant & Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Furniture	5%-50%
Office Equipment	12.5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(g) Leases

Lease policy - With the exception of leases with terms of less than 12 months and leases relating to low-value assets, right-of-use assets and lease liabilities are recognised in relation to all leases. The lease liabilities are recognised at the present value of the lease payments that are remaining to be paid and include, where applicable, any payments applicable under extension options expected to be exercised. The right-of-use assets are initially recognised as the amount of the initial lease liability adjusted for any lease payments made at or before commencement, lease incentives received, initial direct costs incurred, and an estimate of costs of dismantling, removing or restoring the asset that are required to be incurred under the terms of the lease. The right-of-use asset is then depreciated on a straight-line basis over the term of the lease.

(h) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A Financial liability is recognized when it is extinguished, discharged, cancelled or expires.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

Classification and measurement

i. Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments accounted for at amortised cost or fair value through profit or loss (FTVPL).

Financial assets are measured at amortised cost if the objective of the financial asset is to hold and collect its contractual cash flows and contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, these are measured using the effective interest method.

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interests are accounted for a FTVPL.

ii. Financial liabilities

The Group's financial liabilities include trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

(i) Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FTVPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

(j) Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

(k) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i. the rights to tenure of the area of interest are current; and
- ii. at least one of the following conditions is also met:
 - a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - b. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(l) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary consolidated environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(m) Employee Entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(n) Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(o) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Government grants relating to the COVID-19 stimulus package are recognised at their fair value. Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.

All revenue is stated net of the amount of goods and services tax (GST).

(p) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Contributed Equity

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

(r) Earnings Per Share

- Basic earnings per share: Basic earnings per share are determined by dividing the net loss attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

- Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical knowledge and experience, best available information and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The critical accounting estimates and judgements applicable to this financial report are as follows:

Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recovered or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at nil value.

Acquisition of subsidiaries

The acquisition of subsidiaries that do not constitute a business as defined by AASB 3 Business Combinations are accounted for as an acquisition of an asset. In making these assessments, judgement is applied with regards to whether inputs, processes and outputs are associated with these acquisitions.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using appropriate valuation models.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using appropriate valuation models—taking into account the terms and conditions upon which the instruments were granted.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Balkan Mining & Minerals Limited. The Group's sole operating segment is consistent with the presentation in these consolidated financial statements.

(v) Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of share-based payments is determined using the appropriate pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(w) New, revised or amending Accounting Standards and Interpretations adopted

Australian Accounting Standards

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021.

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. Financial Risk Management Policies

The group's principal financial instruments comprise mainly of deposits with banks, receivable and payables.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

a. Treasury Risk Management

Due to the size of the group, responsibility for identification and control of financial risks rests with the Board of Directors. This includes the use of hedging derivative instruments, credit risk policies and future cash flow requirements. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

b. Financial Risk Exposures and Management

The group's activities expose it to financial risks, market risk (including currency risk, fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Where relevant and appropriate, the Company will avail itself of appropriate hedging instruments in future financial years.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

c. Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As a result of operations in Serbia, the Group's statement of financial position can be affected by movements in the RSD/AUD and EUR/AUD exchange rates. The Group also has transaction currency exposure. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

d. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group did not have any material credit risk exposure to any single debtor or group of debtors at reporting date.

e. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to fund the group's activities. The directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic initiatives to ensure that adequate funding continues to be available.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021.

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of the day to day operations of the group. These assets are considered in the group's overall liquidity risk.

Year ended 30 June 2021	≤ 6 months	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$
Consolidated financial assets					
Cash and cash equivalents	1,152				1,152
Trade and other receivables	33,024				33,024
	34,176				34,176
Consolidated financial liabilities at amortised cost					
Trade and other payables	217,432	-	-	-	217,432
Borrowings	401,484	-	-	-	401,484
	618,916	-	-	-	618,916

f. Interest Rate Risk

From time to time the Group has significant interest bearing assets, but they are as results of the timing of equity raisings and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the expose to interest rates is limited to the cash and cash equivalents balances.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

At reporting date, the group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2021
	\$
Financial Assets	
Cash and cash equivalents	1,152
Net exposure	1,152

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	Post Tax Profit	Equity
	Higher/(Lower)	Higher/(Lower)
	2021	2021
	\$	\$
Consolidated		
+/- 1% in interest rates	11	11

The movements in profit are due to higher/lower interest costs from variable rate cash balances. The movements are reasonable with reference to the historical interest rate fluctuations.

f. Price Risk

The Group's exposure to commodity and equity securities price risk is minimal at present.

g. Net Fair Values

Due to short term nature of the receivables and payables the carrying value approximates the fair value.

3. Professional fees

	Consolidated entity
	2021
	\$
Accounting fees	1,322
Audit & Independent Accountant fees *	62,460
Legal fees	171,892
	235,674

* Per ASX listing requirements, the Company was required to submit audited financial reports for Centralist for the years ending 30 June 2019 and 2020 and for the half year ended 31 December 2020. \$35,010 of these fees reflate to amounts paid to Grant Thornton to complete their audit of Centralist's financial reports. The balance of fees (\$27,450) relate to the Company's audit fees for the period ended 30 June 2021 and independent investigating accounting fees paid to the Company's auditor to prepare the required Independent Limited Assurances Report for inclusion in its Prospectus dated 25 May 2021.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

4. Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable

	Consolidated entity
	2021
	\$
Profit/(loss) from ordinary activities before income tax expense	(443,581)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2020: n/a%)	(133,074)
Tax effect of amounts which are taxable (deductible) in calculating taxable income:	
- deferred tax assets not recognised	133,074
Income tax expense	
Unused tax losses for which no deferred tax asset has been recognised	345,421
Potential Tax Benefit at 30% (2020: n/a%)	103,626

Income tax benefit due to timing differences not brought to account. Deferred tax liability is reduced to nil by benefits attributable to tax losses not brought to account. The potential tax benefit will only be obtained if:

- i. *The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;*
- ii. *The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and*
- iii. *No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.*

5. Loss per Share

	Consolidated entity
	2021
	\$
Loss attributable to ordinary equity holders	447,414
Losses used to calculate basic and diluted EPS	447,414
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	3,179,489
Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS	3,179,489

As at 30 June 2021, there were no options or performance rights on issue.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

6. Auditor's Remuneration

	Consolidated entity
	2021
	\$
Remuneration of PKF Perth for:	
Auditing or reviewing of financial reports	16,500
Preparation of limited assurance report	10,950
	27,450

7. Cash and Cash Equivalents

	Consolidated entity
	2021
	\$
Cash at bank and on hand	1,152

8. Current Trade and other Receivables

	Consolidated entity
	2021
	\$
Other receivables	33,024
Total	33,024

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter party. The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Group.

9. Exploration and evaluation assets

	Consolidated entity
	2021
	\$
Opening balance	-
Asset acquisition ¹	1,450,468
Exploration capitalised	52,225
Exploration written off	-
Closing balance	1,502,693

1. As detailed in Note 11, on 30 April 2021, the Company acquired Centralist Pty Ltd which through its wholly owned subsidiary holds the tenements of the Serbian Lithium-Borate Projects.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

10. Controlled Entities

The Consolidated Entity incorporates the assets, liabilities and results of the following companies:

	Country of Incorporation	Percentage Interest
Centralist Pty Ltd	Australia	100%
Balkan Istraživanja d.o.o (formerly Jadar Lithium d.o.o)	Republic of Serbia	100%

11. Acquisition of Subsidiary

The Company was incorporated on 18 December 2020 as a wholly owned subsidiary of Jadar Resources Limited (“Jadar”). Jadar is an ASX listed exploration company (ASX:JDR) with a strategically diversified asset portfolio across gold, silver, tin and lithium, with projects at varying stages of exploration across Australia, Peru, Mexico and Austria.

At 30 June 2021, the Company remained a wholly owned subsidiary of Jadar. In early to mid July 2021, the Company completed its IPO process and Jadar’s interest in the Company was diluted from 100% to 22%.

On 24 February 2021, Jadar announced that, following a strategic review, it would demerge its assets located in Serbia via the Company (Demerger). On 19 April 2021, Jadar obtained shareholder approval for the Demerger, and on 30 April 2021, undertook the following restructure:

- Jadar transferred all of the issued capital in its wholly owned subsidiary, Centralist Pty Ltd (ACN 618 766 715) (Centralist) (which in turn holds all of the issued capital of Jadar Lithium D.O.O (an entity incorporated in Serbia) (Jadar Serbia), 100% owner of the Serbian exploration tenements (comprising the Rekovac, Dobrinja and Pranjani Lithium-Borate Projects) to the Company (Acquisition); and
- Jadar assigned its right to receive amounts owing from Jadar Serbia under intercompany loan agreements of approximately \$1.44 million to the Company in consideration for the Company issuing 9,999,998 Shares to Jadar.

In conjunction with the Demerger, the Company undertook an initial public offering pursuant to its Prospectus dated 25 May 2021 and on 6 July 2021 raised \$6,500,000 (before costs) and was admitted to the Official List of the ASX on 12 July 2021.

The assets and liabilities recognised as a result of the Centralist acquisitions are as follows:

Net identifiable assets acquired:

Exploration assets	9	944,490
Other pre-acquisition net assets acquired		(944,490)
Total consideration paid		-

Pre-acquisition net assets acquired

Exploration assets	9	505,978
Cash and cash equivalents		800
Trade and other receivables		1,107
Plant & equipment		1,046
Trade Payables		(1,453,421)
Total Pre-acquisition net assets acquired		(944,490)

The acquisition of subsidiary Centralist Pty Ltd has been accounted for as an acquisition of an asset on the basis that it does not constitute a business as defined by AASB 3 Business Combinations.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

12. Trade and Other Payables

	Consolidated Entity	
	2021	\$
Unsecured liabilities		
Trade payables	217,432	
	217,432	

All amounts are short-term and the carrying values are considered to approximate fair value.

13. Borrowings

	Consolidated entity	
	2021	\$
Loan: Jadar Resources	401,484	
Total	401,484	

During the period, the Company entered into an intercompany unsecured facility agreement with Jadar, pursuant to which the Jadar agreed to lend funds to the Company to be applied towards the expenses for completing its public offer, ASX listing or as otherwise agreed between the Company and Jadar. Each party also agreed to provide the other party with operational services and support, including management, financial, taxation and administrative services on an ongoing basis and that such services as provided by Jadar to the Company would be provided under advances covered by the facility. The loan funds, together with interest at 10%, was repayable at ASX listing.

14. Contributed equity

		Consolidated entity	
		2021	\$
10,000,000 fully paid ordinary shares	(a)	1,443,557	
		1,443,557	

a) Ordinary Shares

	2021	\$
At the beginning of the reporting period	-	
Issue of shares - incorporation	2	
Issue of shares – Group Restructure	1,443,555	
At reporting date	1,443,557	

	No. Shares
At the beginning of reporting period	-
Issue of shares – incorporation	2
Issue of shares – demerger	9,999,998
At the end of reporting period	10,000,000

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

Refer to Note 11 regarding further details on the Company's restructure and demerger.

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. 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.

b) Capital management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated entity
	2021
	\$
Total borrowings	401,484
Less cash and cash equivalents	(1,152)
Net debt	400,332
Total equity	1,443,557
Total capital	1,843,889

15. Reserves

	Consolidated entity
	2021
	\$
Reserves	
Foreign currency reserve	(3,833)
	(3,833)

a) Foreign Currency Reserve

At the beginning of reporting period

Movement

At the end of reporting period

	-
	(3,833)
	(3,833)

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

16. Accumulated Losses

	Consolidated Entity
	2020
	\$
Accumulated losses at the beginning of the financial year.	-
Loss during the current year	443,581
Accumulated losses at the end of the financial year	443,581

17. 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 sole operating segment is consistent with the presentation of these consolidated financial statements.

18. Related Party Transactions

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in Directors' Report.

Other related party transactions

During the period, the Company entered into an intercompany unsecured facility agreement with Jadar, pursuant to which the Jadar agreed to lend funds to the Company to be applied towards the expenses for completing its public offer, ASX listing or as otherwise agreed between the Company and Jadar. Each party also agreed to provide the other party with operational services and support, including management, financial, taxation and administrative services on an ongoing basis and that such services as provided by Jadar to the Company would be provided under advances covered by the facility. As at 30 June 2021, the Company had borrowed \$401,484 under this facility. This facility was made on terms equivalent to those that prevail in arm's length transactions. The loan funds, together with interest at 10%, was repayable at ASX listing.

There were no other related party transactions at 30 June 2021.

19. Contingent Liabilities

There were no contingent liabilities at 30 June 2021.

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

20. Cash Flow Information

Reconciliation of Loss after Income Tax to Net Cash Outflow from Operating Activities

	Consolidated entity
	2021
	\$
Loss after income tax	(443,581)
<i>Adjustment for non-cash items</i>	
Foreign loss	(14,375)
Depreciation	1,161
<i>Increase/(decrease) in:</i>	
(Decrease) in GST receivables	(32,843)
(Decrease) in other receivables	(180)
(Decrease) in other current assets	(73,132)
(Decrease)/ increase in trade and other payables	338,432
Net cash outflow from operating activities	(224,520)

21. Parent Entity Disclosures

	2021
	\$
Parent Entity	
Assets	
Current assets	106,560
Non-current assets	1,490,904
Total Assets	1,597,464
Liabilities	
Current liabilities	610,764
Total Liabilities	610,764
Net Assets/(Liabilities)	986,700
Equity	
Issued capital	1,443,557
Accumulated losses	(456,857)
Total Equity	986,700
Financial Performance	
Loss for the year	(456,856)
Other comprehensive income	-
Total comprehensive Loss	(456,856)

Notes to and Forming Part of the Accounts

For the Period Ended 30 June 2021

22. Subsequent Events

Subsequent to year end the following key events have occurred:

- (a) In July 2021, the Company completed its ASX listing and closed its Public Offer, Options Offer, Advisor Offer and Performance Rights Offer (collectively, the **Offers**) made under its Prospectus dated 25 May 2021. As a result, the Company:
- (i) issued 32,500,000 fully paid ordinary shares (Shares) at an issue price of \$0.20 per Share to raise \$6,500,000 (before costs) pursuant to the Public Offer;
 - (ii) issued 2,500,000 Shares to the Corporate Advisor pursuant to the Advisor Offer;
 - (iii) issued 3,500,000 Options with an exercise price of \$0.50 each and expiry date of 6 July 2024 pursuant to the Options Offer; and
 - (iv) issued 2,400,000 Performance Rights pursuant to the Performance Rights Offer.
 - (v) welcome Mr Sean Murray as Non-executive Chairman and Mr Milos Bosnjakovic as Non-Executive Director of the Company. Additionally, Mr Adrian Paul resigned as a director of the Company on the same day.

Refer to the Prospectus for further details.

- (b) On 30 August 2021, the Company issued the following incentive securities to its General Manager of Exploration:
- (i) 250,000 unlisted Options with an exercise price of \$0.75, expiry date on 31 August 2023 and are subject to a vesting condition of one year of continued employment from the date the Options were issued;
 - (ii) 250,000 unlisted Options with an exercise price of \$1.00, expiry date on 31 August 2023 and are subject to a vesting condition of one year of continued employment from the date the Options were issued; and
 - (iii) 500,000 unlisted Performance Rights, which will vest upon a performance hurdle of the successful return of a "commercial lithium/borate" drilling intersection, on or before 31 August 2023.

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% B₂O₃ or lithium – boron mineral containing +0.8% Li₂O and +12.5% B₂O₃. Satisfaction of the performance hurdle is to be determined by the Board.

- (c) On 2 September 2021, issued 800,000 fully paid ordinary shares (restricted) to the Company's management upon the conversion of Performance Rights;

Other than operational results as detailed in the review of operations, there are no other significant matters subsequent to year end.

23. Contractual Commitments

Exploration expenditure commitments:

No longer than 1 year

Longer than 1 year and not longer than 5 years

	30 June 2021
	\$
No longer than 1 year	161,834
Longer than 1 year and not longer than 5 years	727,014
	888,847

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALKAN MINING & MINERALS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Balkan Mining & Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2021, 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 period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

In our opinion the financial report of Balkan Mining & Minerals Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity 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 requirements) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Liability limited by a scheme approved under Professional Standards Legislation.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed each matter is provided in that context.

1. Carrying value of capitalised exploration expenditure

Why significant

As at 30 June 2021 the carrying value of exploration and evaluation assets was \$1,502,693, as disclosed in Note 9. This represents 93% of total assets of the consolidated entity.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1(k).

Significant judgement is required:

- in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
- in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
 - whether the particular areas of interest meet the recognition conditions for an asset; and
 - which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
 - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
 - obtaining representation from the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
 - obtaining representation from the directors and management on the consolidated entity's future intention for the areas of interest.
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Note 1(k) and 9.

Other Information

Other Information is financial and non-financial information in the Annual Report of the consolidated entity which is provided in addition to the Financial Report and Auditor's Report. The Directors are responsible for the Other Information in the Annual Report.

The Other Information we obtained prior to the date of this Auditor's Report is the Director's Report. The remaining Other Information, if any, is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express as audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2021.

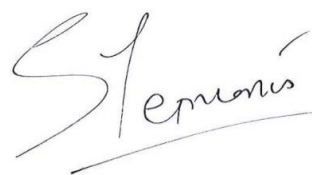
In our opinion, the Remuneration Report of Balkan Mining & Minerals Limited for the period ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF PERTH



SIMON FERMANIS
PARTNER

29 SEPTEMBER 2021
WEST PERTH
WESTERN AUSTRALIA

CORPORATE GOVERNANCE STATEMENT

The Board of Balkan Mining & Minerals Limited are committed to achieving and demonstrating the highest standards of corporate governance. As such, the Company has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of its activities.

The Board has adopted the ASX Corporate Governance Principles and Recommendations which are complemented by the Company's core principles of honesty and integrity. The corporate governance policies and practices adopted by the Board are outlined in the Corporate Governance section of the Company's website www.Balkanmin.com.au/corporate-governance/.

BMM has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 corporate governance statement is dated 29 September 2021 and reflects the corporate governance practices in place throughout the 2021 financial period since adoption in May 2021 and subsequent IPO of the Company in mid July 2021.

The 2021 corporate governance statement was approved by the Board on 29 September 2021. A description of the Company's current corporate government practices is set out in the Company's corporate governance statement which can be viewed on the Company's website.

The Company has also lodged an Appendix 4G with this Annual Report.

ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is as at 22 September 2021.

NUMBER OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 45,800,000 fully paid ordinary shares on issue, held by 830 shareholders.

TWENTY LARGEST SHAREHOLDERS (AS AT 22 September 2021)

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
Sandfire Resources Ltd	10,000,000	21.83
Jadar Resources Ltd	10,000,000	21.83
Clayton Capital Pty Ltd	2,500,000	5.46
Mr Bilal Ahmad	2,283,500	4.99
Mr Sufian Ahmad <Sixty Two Capital A/C>	2,200,000	4.80
JGM Property Investments Pty Ltd	2,007,802	4.38
Keyrate Enterprises Pty Ltd	1,250,000	2.73
Eurovest Pty Ltd	786,485	1.72
Ms Chunyan Niu	730,390	1.59
Skyflake Investments Pty Ltd <Skyflake A/C>	600,000	1.31
Ddpevcic (WA) Pty Ltd <Dominic Family A/C>	562,500	1.23
Kobala Investments Pty Ltd <Fernando Edward Family A/C>	508,791	1.11
Sunshore Holdings Pty Ltd	452,806	0.99
Zellimar Pty Ltd	420,000	0.92
Comsec Nominees Pty Limited	381,016	0.83
Mr Robert Kirk Bavcevic <Bevcevic Family Invest A/C>	379,981	0.83
Valens International Pty Limited	300,000	0.66
Citicorp Nominees Pty Limited	288,009	0.63
BNP Paribas Nominees Pty Ltd <IB Au Noms RetailClient DRP>	286,521	0.63
Mr Benjamin David McEntee	205,000	0.45
	36,142,801	78.91

VOTING RIGHTS

Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands. Every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

HOLDERS OF NON-MARKETABLE PARCELS

There are 39 shareholders who hold less than a marketable parcel of shares.

Additional Information for Listed Companies

DISTRIBUTION OF SHARE HOLDERS (AS AT 22 September 2021)

		Number of Holders	Number of Shares
1 to	1,000	94	66,164
1,001 to	5,000	345	931,207
5,001 to	10,000	171	1,421,085
10,001 to	100,000	187	5,353,279
100,001 and over		33	38,028,265
		830	45,800,000

SUBSTANTIAL SHAREHOLDERS

As at report date, the following shareholders are recorded in the Register as a Substantial Shareholders:

Name	No. of Shares
Jadar Resources Limited	10,000,000
Sandfire Resources Limited	10,000,000
Clayton Capital Pty Ltd	2,500,000
Bilal Ahmad	2,255,000

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

OPTIONS

As at 22 September 2021 the Company had 3,500,000 unlisted options on issue with an exercise price of \$0.50 and an expiry date of 6 July 2024, 250,000 unlisted options on issue with an exercise price of \$0.75 and an expiry date of 31 August 2023 and 250,000 unlisted options on issue with an exercise price of \$1.00 and an expiry date of 31 August 2023.

Unlisted options do not carry any voting rights.

DISTRIBUTION OF OPTION HOLDERS

\$0.50, expiry 06/07/2024 unlisted options (As at 22 September 2021)

		Number of Holders	Number of Options
1 to	1,000	-	-
1,001 to	5,000	-	-
5,001 to	10,000	-	-
10,001 to	100,000	-	-
100,001 and over		5	3,500,000
		5	3,500,000

Holders of greater than 20% or more of these unlisted options are as follows:

- Skyflake Investments Pty Ltd <Skyflake A/C> 1,750,000

\$0.75, expiry 31/08/2023 unlisted options (As at 22 September 2021)

These unlisted options are held by the Company's General Manager of Exploration, Mr Dejan Jovanovic. These options are subject to a vesting condition of one year of continued employment from the date the Options were issued (i.e. 30 August 2022).

Additional Information for Listed Companies

\$1.00, expiry 31/08/2023 unlisted options (As at 22 September 2021)

These unlisted options are held by the Company's General Manager of Exploration, Mr Dejan Jovanovic. These options are subject to a vesting condition of one year of continued employment from the date the Options were issued (i.e. 30 August 2022).

PERFORMANCE RIGHTS

As at 22 September 2021 the Company had a total of 2,100,000 Performance Rights on issue. Performance Rights do not carry any voting rights.

DISTRIBUTION OF PERFORMANCE RIGHTS HOLDERS - expiry 06/07/2024 (AS AT 22 September 2021)

	Number of Holders	Number of Performance Rights
1 to	1,000	-
1,001 to	5,000	-
5,001 to	10,000	-
10,001 to	100,000	-
100,001 and over	2	1,600,000
	2	1,600,000

Conversion of Performance Rights into Shares is dependent upon the achievement of the following milestones:

- 50% of these PR's will vest upon 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;
- 50% of these PR's will vest upon 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.

Holders of greater than 20% or more of these unlisted options are as follows:

- Skyflake Investments Pty Ltd <Skyflake A/C> 1,200,000
- Harry Spindler <The Spindler Family A/C> 400,000

DISTRIBUTION OF PERFORMANCE RIGHTS HOLDERS - expiry 31/08/2023 (AS AT 22 September 2021)

These performance rights are held by the Company's General Manager of Exploration, Mr Dejan Jovanovic. These options are subject to a vesting condition of one year of continued employment from the date the Options were issued (i.e. 30 August 2022).

Conversion of Performance Rights into Shares is dependent upon the achievement of the following milestones:

- PR's, will vest upon a performance milestone of the successful return of a "commercial lithium/borate" 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 either borate mineralisation containing +25% B₂O₃ or lithium – boron mineral containing +0.8% Li₂O and +12.5% B₂O₃. Satisfaction of the performance hurdle is to be determined by the Board

The Performance Rights may be exercised (unless expired or lapsed) if the Performance Criteria have been met within the Performance Period or in limited other circumstances as set out in the Rules.

Additional Information for Listed Companies

RESTRICTED SECURITIES

The following Company securities are subject to restriction, as detailed below:

Class	Number	Restriction Period End
Ordinary shares	13,300,000	14/07/2023
Options (\$0.50, 06/07/24)	3,500,000	14/07/2023
Performance rights	1,600,000	14/07/2023

OTHER INFORMATION

Balkan Mining & Minerals Limited, incorporated and domiciled in Australia, is a public listed Company limited by shares.

Balkan Mining and Minerals Ltd has used its cash and assets in a form readily convertible to cash that it held at the time of listing, in a way consistent with its stated business objectives.

SCHEDULE OF TENEMENTS

	Tenement ID	Indirect Interest *
SERBIA PERMITS		
Rekovac		
- Rekovac	2224	100%
- Ursule	2429	100%
- Siokovac	2430	100%
Pranjani	2427	100%
Dobrinje	2428	100%



Balkan

Mining and Minerals Limited

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ABN 67 646 716 681