

Black Canyon Pty Ltd
ACN 150 714 739

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2020

FINANCIAL REPORT

for the year ended 30 June 2020

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DIRECTORS' REPORT

CORPORATE DIRECTORY

DIRECTORS

Graham Ascough (Non-Executive Chairman)

Brendan Cummins (Executive Director)

Adrian Hill (Non-Executive Director)

Simon Taylor (Non-Executive Director)

COMPANY SECRETARY

Jay Stephenson – appointed on 22 January 2021

REGISTERED OFFICE and PRINCIPAL PLACE OF BUSINESS

Level 4, 100 Albert Road

South Melbourne VIC 3205

AUDITORS

Hall Chadwick WA

283 Rokeby Road

Subiaco WA 6008

SHARE REGISTRY

Computershare Investor Services

Level 11, 172 St Georges Terrace

Perth WA 6000

CONTACT INFORMATION

Tel: +61 3 9813 3882

DIRECTORS' REPORT

The directors of Black Canyon Pty Ltd (the **Company** or **Black Canyon**) submit herewith the financial report of the Company for the financial year ended 30 June 2020 (**year**). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names, appointment periods and particulars of the Company directors who held office during the year and, or, since incorporation are:

Director	Position	Date Appointed	Date Resigned
Mr Graham Ascough	Non-Executive Chairman	2 Sept 2013	-
Mr Brendan Cummins	Executive Director	3 May 2013	-
Mr Adrian Hill	Non-Executive Director	4 May 2011	-
Mr Simon Taylor	Non-Executive Director	2 Sept 2013	-

The names of the secretaries in office at any time during or since the end of the year are:

Company Secretary	Position	Date Appointed	Date Resigned
Mr Jay Stephenson	Company Secretary	22 January 2021	-

Directors have been in office since 1 July 2019 up until the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

MR GRAHAM ASCOUGH

NON-EXECUTIVE CHAIRMAN

Mr Ascough is a resource executive and geophysicist with more than 30 years experience. He is presently the Non-Executive Chairman of Musgrave Minerals Ltd, Sunstone Metals Ltd and PNX Metals Ltd.

Mr Ascough holds a BSc in Geological Engineering (Geophysics) and is a member of the AusIMM.

The board considers that Mr Ascough is not an independent Director.

MR BRENDAN CUMMINS

EXECUTIVE DIRECTOR

Mr Cummins has over 25 years' experience as both a mine and exploration geologist. The majority of his experience has been in exploration geology, resource definition and project evaluation across precious metal, base metal, iron ore and industrial minerals projects throughout Australia and overseas. He is currently Technical Director at Westoria Capital and Chief Geologist at Strandline Resources Ltd.

Mr Cummins holds a BSc (Hons) and is a Member of the Australian Institute of Geoscientists (AIG)

Mr Cummins has formerly served as a non-executive director of Cradle Resources Limited.

The Board considers that Mr Cummins is not an independent Director.

DIRECTORS' REPORT

MR ADRIAN HILL

NON-EXECUTIVE DIRECTOR

Mr Hill is a senior executive with over 25 years Australian and international experience in strategic and finance roles in the resources, energy infrastructure and investment banking industries. He has an established record in strategy development, operational management, investment analysis, transaction management, corporate structuring and capital raising.

Mr Hill holds a Bachelor of Commerce, is a Chartered Accountant, a Fellow of the Financial Institute of Australia and has a Certificate in Governance Practice from the Governance Institute of Australia.

Mr Hill has formerly served as a non-executive director of Southern Crown Resources Limited.

The board considers that Mr Hill is not an independent Director.

MR SIMON TAYLOR

NON-EXECUTIVE DIRECTOR

Mr Taylor is a geologist with over 25 years' experience in exploration, project assessment and development. He is Managing Director of Oklo Resources Ltd and a Non-Executive Director of Chesser Resources Ltd and Stellar Resources Limited.

Mr Taylor holds a B.Sc and a Gcert AppFin and is a Member of the Australian Institute of Geoscientists.

The board considers that Mr Taylor is not an independent Director.

COMPANY SECRETARY

MR JAY STEPHENSON

Mr Stephenson has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, information technology, wine, hotels and property. Jay has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Jay provides services in IPO/RTO management, Corporate Advisory, Company Administration, Accounting and Corporate Governance. On most engagements, Jay takes on the appointment of a statutory office holder, either as a Director, Company Secretary or Chief Financial Officer.

Jay holds a Master of Business Administration, is a Fellow of Certified Practicing Accountants Australia, A Fellow of the Governance Institute of Australia, a member of the Australian Institute of Company Directors, a member of Chartered Professional Accountants and Certified Management Accountants in Canada.

DIRECTOR MEETINGS

During the financial year, no director meetings were held (2019: 0).

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

At the date of this report the following table sets out the current directors' relevant interests in shares (on a post consolidation basis), options, and performance rights of Black Canyon Pty Ltd and the changes that have occurred since 1 July 2019:

Director	Ordinary Shares		Options over Ordinary Shares	
	Current holding	Net increase/ (decrease)	Current holding	Net increase/ (decrease)
Mr Graham Ascough	733,334	116,667	58,334	58,334
Mr Brendan Cummins	983,834	83,333	41,667	41,667
Mr Adrian Hill	983,333	83,333	41,667	41,667
Mr Simon Taylor	733,333	116,667	58,333	58,333

Director	Performance Rights	
	Current holding	Net increase/ (decrease)
Mr Graham Ascough	250,000	250,000
Mr Brendan Cummins	583,334	583,334
Mr Adrian Hill	583,334	583,334
Mr Simon Taylor	250,000	250,000

REVIEW OF OPERATIONS

During the year the Company made a loss for the year after providing for income tax amounted to \$68,437 (2019: \$2,474).

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

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

PRINCIPAL ACTIVITIES

The Company assessed a number of new opportunities during the year ended 30 June 2020.

The Company is mindful that it must constantly assess new opportunities for the Company to ensure the long-term creation of shareholder value.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 23 December 2020, the Company entered into a binding heads of agreement with Carawine Resources Limited (Carawine) (Oakover Agreement). Carawine agreed to grant the Company the exclusive right to earn an interest in the Oakover Project and upon earning such interest to form a joint venture for the development and exploitation of the Oakover Project tenements on the terms set out in the Oakover Agreement.

DIRECTORS' REPORT

On 23 December 2020, the Company issued performance rights as follows:

- The Team that introduced and negotiated the agreement with Carawine Resources Limited have been issued 1,000,000 performance rights related to sourcing the Oakover Project and the Company Directors have been issued 1,000,000 performance rights for their efforts in securing the transaction with Carawine Resources Limited and in lieu of directors fees during the pre-initial public offering period. These performance rights will convert into ordinary shares upon receipt of the conditional letter of approval to list on the ASX.

On 4 January 2021, the Company entered into the share sale agreement to acquire Zephyr from the Shareholders of Zephyr (being, Letitia Burbury, Marney Jane Woods and Simone Elizabeth Archer), the legal and beneficial holder of the Lofty Range Project.

As consideration for the acquisition of Zephyr the Company will:

- reimburse the direct costs incurred by Zephyr in relation to the Tenements up to a maximum of \$20,000 (Reimbursement Payment). The reimbursement is subject to ASX approval;
- issue 2 million fully paid ordinary shares in Black Canyon (Consideration Shares) to the Shareholders (or their nominees) in the agreed proportions set out in the share sale agreement with the Consideration Shares to be issued as follows:
 - issue 1,000,000 Consideration Shares to be issued at Settlement (Tranche 1 Consideration Shares); and
 - issue 1,000,000 Consideration Shares (Tranche 2 Consideration Shares) to be issued on the last to occur of:
 - settlement of the acquisition; and
 - 5 days after the date on which Zephyr receives confirmation from the Department of the grant of the Tenement to Zephyr.

On 18 January 2021, the Company held a general meeting and the following resolutions were passed:

- A share consolidation where every 2 Shares would be consolidated into 1 Share in the Company;
- A change of Company Status from a Pty Ltd Company to a Limited Company; and
- Replacement of the Constitution.

On 18 January 2021, the Company raised \$510,000 through the issue of 4,449,996 (Post Consolidation) Shares at \$0.12 per Share. The lead manager of the Seed Raise was issued 200,000 Shares as a capital raising fee.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company intends to undertake an initial public offering in calendar year 2021 through the issue of 25,000,000 Shares at \$0.20 per Share to raise \$5,000,000.

Further information, other than as disclosed the Directors' Report, about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends were paid or declared during the year. The directors do not recommend the payment of a dividend in respect of the financial year.

DIRECTORS' REPORT

OPTIONS ON ISSUE

There were 2,125,009 options on issue at the date of this report.

INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer or auditor of the Company.

PROCEEDING ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or Group are important. No non-audit services were provided by the Company's current auditors, Hall Chadwick WA, during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2020 has been received and can be found on page 9.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

For, and on behalf of, the Board of the Company,



Graham Ascough

Director

Date.

AUDITOR'S INDEPENDENCE DECLARATION BLACK CANYON PTY LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Black Canyon Pty Ltd.

As audit partner of Black Canyon Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 28 February 2021

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) As stated in Note 1.2, the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 30 June 2020 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Black Canyon will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made by the Chairman to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

This declaration is made in accordance with a resolution of the directors.

For, and on behalf of, the Board of the Company,



Mr Graham Ascough

Director

Date.

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Black Canyon Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end or from time to time during the financial year.

In our opinion, the financial report of Black Canyon Pty Ltd is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the entity's financial position as at 30 June 2020 and of its performance for the year 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility 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 entity in accordance with 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 (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.

Directors' Responsibilities 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 Note 1.2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the 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 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 responsibility is to express an opinion on the financial report based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 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 entity to cease to continue as a going concern.

We 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.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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, related safeguards.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 28 February 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Interest income		398	709
Audit fees	4	(2,500)	(2,500)
Bank Fees		(121)	(120)
Accounting Fees		(1,035)	(300)
Legal fees		(267)	(263)
Exploration and evaluation assets written off		(64,911)	-
Loss before income tax expense		(68,437)	(2,474)
Income tax (benefit)/expense	5	-	-
Loss after tax from continuing operations		(68,437)	(2,474)
Other comprehensive income		-	-
Total comprehensive loss for the year		(68,437)	(2,474)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6	60,479	76,097
Trade and other receivables	7	90	75
Total current assets		60,569	76,172
Non-current assets			
Exploration and Evaluation Assets	9	-	50,152
Total Non-current assets		-	50,152
Total assets		60,569	126,324
Current liabilities			
Trade and other payables	8	5,181	2,500
Total current liabilities		5,181	2,500
Total liabilities		5,181	2,500
Net assets		55,388	123,824
Equity			
Issued capital	2	242,150	242,150
Accumulated losses		(186,762)	(118,326)
Total equity		55,388	123,824

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Issued capital	Accumulated losses	Total equity
	\$	\$	\$
Balance at 1 July 2018	242,150	(115,852)	126,298
Loss for the year	-	(2,474)	(2,474)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(2,474)	(2,474)
Balance as at 30 June 2019	242,150	(118,326)	123,824
Balance as at 1 July 2019	242,150	(118,326)	123,824
Shares issued during the year (net of costs)	-	-	-
Loss for the year	-	(68,437)	(68,437)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(68,437)	(68,437)
Balance as at 30 June 2020	242,150	(186,762)	55,388

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(859)	(303)
Net cash used by operating activities	6	(859)	(303)
Cash flows from investing activities			
Payments for exploration and evaluation		(14,759)	(5,389)
Net cash generated by investing activities		(14,759)	(5,389)
Cash flows from financing activities			
Net cash generated by financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(15,618)	(5,692)
Cash and cash equivalents at the beginning of the year	6	76,097	81,789
Cash and cash equivalents at the end of the year		60,479	76,097

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

GENERAL INFORMATION

Black Canyon Pty Ltd (to be renamed Black Canyon Limited) (**Black Canyon** or the "**Company**") is a for-profit company limited by shares, domiciled and incorporated in Australia. The financial statements are presented in the Australian currency.

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

1. BASIS OF PREPARATION

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Company is an unlisted proprietary company, incorporated and operating in Australia. The financial report is presented in Australian dollars.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

1.1. ADOPTION OF NEW AND REVISED STANDARDS

1.1.1. Changes in accounting policies on initial application of Accounting Standards

Standards and interpretations applicable to 30 June 2020

In the period ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the current financial reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

Standards and interpretations on issue not yet effective and adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations issued but not yet effective and adopted on its business and, therefore, no further disclosures have been made in this regard.

1.2. STATEMENT OF COMPLIANCE

The financial report was authorised by the Board of Directors for issue on 28 February 2021.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

1.4. INCOME TAX

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date or reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.5. FINANCIAL INSTRUMENTS

1.5.1. Financial Instruments – assets

a. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

ii. Equity Instruments

- The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
- Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.5.2 Financial Instruments - Liabilities

a. Classification

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss. when:

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

1.6. IMPAIRMENT OF ASSETS

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

1.6.1. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1.6.2. Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

1.7. PROVISIONS

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1.8. CASH AND CASH EQUIVALENTS

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

1.9. REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

1.10. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1.11. ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

1.12. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which a decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the areas according to the rate of depletion of economically recoverable reserves.

A regular review is undertaken in each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.13. FINANCIAL POSITION

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

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

The Company has incurred a net loss after tax for the year ended 30 June 2020 of \$68,437 (2019: \$2,474). At 30 June 2020, the Company's has net current assets of \$55,388 (2019: \$123,824).

The ability of the Company to continue as a going concern is principally supported by the ability for the Company to raise capital. Subsequent to the end of the financial year, The Company raised \$510,000 the issue of 4,449,996 Shares at \$0.12 per Share together with one free attaching option for every two shares issued. The Company is planning to undertake an Initial Public Offering in the quarter ending 30 June 2021 which will raise \$5m to allow the exploration of new projects acquired. The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

2. ISSUED CAPITAL

	2020		2019	
	No.		No.	
Fully paid ordinary shares	14,567,661		14,567,661	

	2020		2019	
	No.	\$	No.	\$
Balance at beginning of the year	14,567,661	242,150	14,567,661	242,150
Shares issued		-		-
Share issue costs	-	-	-	-
Balance at end of the year	14,567,661	242,150	14,567,661	242,150

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

3. FINANCIAL INSTRUMENTS

3.1. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged during the financial year.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

3.2. CATEGORIES OF FINANCIAL INSTRUMENTS

3.2.1. FINANCIAL ASSETS

	2020	2019
	\$	\$
Cash and cash equivalents	60,479	76,097
Trade and other receivables	90	75

3.2.2. FINANCIAL LIABILITIES

Trade and other payables	5,181	2,500
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3.2.3. FINANCIAL RISK MANAGEMENT OBJECTIVES

Credit risk

The Company is primarily exposed to credit risk in relation to its cash at bank which are held at high credit rating financial institutions. The carrying amount of the financial assets represent the maximum credit exposure.

Interest risk

The Company is not exposed to material interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash and obtaining continuous funding through capital raising as and when necessary to enable the Company to pay its debts as and when they become due and payable.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

2020	Less than 1 year	Total
	\$	\$
Trade and other payables	5,181	5,181
Total	5,181	5,181
2019	Less than 1 year	Total
	\$	\$
Trade and other payables	2,500	2,500
Total	2,500	2,500

Fair values

Due to the short-term nature of settlement, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair values as presented in the statement of financial position.

4. REMUNERATION OF AUDITORS

	2020	2019
	\$	\$
Audit of the financial report	2,500	2,400

5. INCOME TAX

There are no current or deferred tax expenses during the year. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax is:

	2020	2019
	\$	\$
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 27.5% (2019:27.5%)	(68,437)	(2,474)
Tax effect of non-deductible expenses	-	-
Tax effect of allowable expenses	(18,820)	(680)
Tax effect of unrecognised tax losses utilised	18,820	680
	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 1.4. As at year end, tax loss carried forward amounted to about \$186,762. (2019: \$118,326).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020 \$	2019 \$
Cash and cash equivalents	60,479	76,097
6.1 Cash Flow Information		
Reconciliation of cash flow from operations to (loss)/profit After income tax		
Operating loss after Income Tax	(68,437)	(2,474)
Add back non-cash item		
Exploration & Evaluation assets written off	64,911	
Non-cash changes in assets and liabilities		
Decrease/(increase) in receivables	(15)	67
Increase/(decrease) in payables	2,682	2,104
Cash flow from operations	(859)	(303)

7. TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Other receivables - GST Recoverable	90	75
	90	75

8. TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Other payables ⁽ⁱ⁾	181	-
Accrued expenses	5,000	2,500
	5,181	2,500

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

9. EXPLORATION AND EVALUATION ASSETS

	2020 \$	2019 \$
Opening balance	50,152	44,763
Additions	14,759	5,389
Exploration Assets Written Off	(64,911)	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

- **50,152**

10. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

11. COMMITMENTS AND CONTINGENT LIABILITIES

11.1 COMMITMENTS

No commitments exist as at the date of this report.

11.2 CONTINGENT ASSETS AND LIABILITIES

11.2.1 CONTINGENT LIABILITIES

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

11.2.2 CONTINGENT ASSETS

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

12. SUBSEQUENT EVENTS

On 23 December 2020, the Company entered into a binding heads of agreement with Carawine Resources Limited (Carawine) (Oakover Agreement). Carawine agreed to grant the Company the exclusive right to earn an interest in the Oakover Project and upon earning such interest to form a joint venture for the development and exploitation of the Oakover Project tenements on the terms set out in the Oakover Agreement.

On 23 December 2020, the Company issued performance rights as follows:

- The Team that introduced and negotiated the agreement with Carawine Resources Limited have been issued 1,000,000 performance rights related to sourcing the Oakover Project and the Company Directors have been issued 1,000,000 performance rights for their efforts in securing the transaction with Carawine Resources Limited and in lieu of directors fees during the pre-initial public offering period. These performance rights will convert into ordinary shares upon receipt of the conditional letter of approval to list on the ASX.

On 4 January 2021, the Company entered into the share sale agreement to acquire Zephyr from the Shareholders of Zephyr (being, Letitia Burbury, Marney Jane Woods and Simone Elizabeth Archer), the legal and beneficial holder of the Lofty Range Project.

As consideration for the acquisition of Zephyr the Company will:

- reimburse the direct costs incurred by Zephyr in relation to the Tenements up to a maximum of \$20,000 (Reimbursement Payment). The reimbursement is subject to ASX approval;
- issue 2 million fully paid ordinary shares in Black Canyon (Consideration Shares) to the Shareholders (or their nominees) in the agreed proportions set out in the share sale agreement with the Consideration Shares to be issued as follows:
 - issue 1,000,000 Consideration Shares to be issued at Settlement (Tranche 1 Consideration Shares); and
 - issue 1,000,000 Consideration Shares (Tranche 2 Consideration Shares) to be issued on the last to occur of:
 - settlement of the acquisition; and
 - 5 days after the date on which Zephyr receives confirmation from the Department of

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

the grant of the Tenement to Zephyr.

On 18 January 2021, the Company held a general meeting and the following resolutions were passed:

- A share consolidation where every 2 Shares would be consolidated into 1 Share in the Company;
- A change of Company Status from a Pty Ltd Company to a Limited Company; and
- Replacement of the Constitution.

On 18 January 2021, the Company raised \$510,000 through the issue of 4,449,996 (Post Consolidation) Shares at \$0.12 per Share. The lead manager of the Seed Raise was issued 200,000 Shares as a capital raising fee.