

Quarterly Activities Report December 2021

HIGHLIGHTS

Balkan Lithium-Borate Assets

- Magnetic and geophysics completed at the Rekovac Lithium-Borate Project allowing the Company to precisely define the targets for follow up drilling¹
 - Gravity survey has identified two major parallel deep-seated faults that may have acted as pathways for mineral-bearing fluids.
 - XRD and SEM sample analyses have confirmed the presence of greigite, an iron-rich magnetic sulphide, which has been found in associated boron deposits.
- Reconnaissance and rock sampling completed at the Dobrinja Lithium-Borate Project.²
- Processing of regional gravity data over the Dobrinja project completed defining basin geometry and thick sedimentary section.³
- The mapping and sampling programs at the Dobrinja Project provided strong evidence of permissive sediments buried by younger sedimentary cover.
- Drill locations are being considered across Rekovac and Dobrinja while the associated access agreements are being finalised.⁴

Corporate

- Pasala Exploration and Mining D.O.O (Pasala) engaged to provide complementary consulting services to the Company as it ramps up its operations in the Balkans.⁵
- Mr Harry Spindler appointed as Chief Financial Officer effective 1 December 2021.⁶

Balkan Mining and Minerals Ltd (Balkan or the Company) (ASX: BMM) is pleased to present the Company's quarterly activities report for the December 2021 quarter. The primary focus of the Company's activities over this period has been the continued exploration efforts at across the Company's Serbian lithium projects, reviewing complimentary projects as well as the appointment of key personnel and consultants.

¹ ASX Announcement 01 Nov 2021 - Gravity and magnetic geophysics completed at Rekovac &

ASX Announcement 15 Nov 2021 - Gravity & Magnetic Survey Complete Over Entire Rekovac Project

² ASX Announcement 06 Oct 2021 - Completion of Sampling at Dobrinja Lithium-Borate Project Work

³ ASX Announcement 10 Dec 2021 - Initial Gravity Surveys Interpretation Completed at Dobrinja

⁴ ASX Announcement 11 Oct 2021 - Drilling to Commence at Rekovac Lithium-Borate Project &

ASX Announcement 15 Nov 2021 - Gravity & Magnetic Survey Complete Over Entire Rekovac Project

⁵ ASX Announcement 10 Nov 2021 - Appointment of Technical Consultant

⁶ ASX Announcement 1 Dec 2021 - Appointment of Chief Financial Officer

Serbian Lithium-Borate Assets

Rekovac Lithium-Borate Project (100%)

In November the Company commenced gravity and magnetic geophysics within the southern tenement of the Rekovac Lithium-Borate Project before extending these activities to cover the entirety of the project area⁷. Geophysics interpretation aid in defining basin geometry and identifying deep-seated fault zones within the project area, which may have acted as a potential conduit for mineralising fluids. With this additional data the Company is continuing to aggressively progress a review of drill sites for follow-up testing.⁸

Gravity Interpretation Results

The Rekovac basin shape is more elongated demonstrating a distinct NNE trend that parallels the regional tectonic grain of Tertiary arc-extensional structures. Based upon the linear configuration, the parallel sharp gradients on both NW and SE sides and the isolated and deep gravity anomaly it can be inferred that the basin was formed by faulting of basement rock. The symmetrical nature further suggests fairly uniform displacement on both flanks of the basin with a similar history of sedimentary infill from those sides. Since the extension was most active in mid-Tertiary time, this was likely an active Miocene graben, its central low probably the locus of fairly long-lived fine-grained sedimentation.

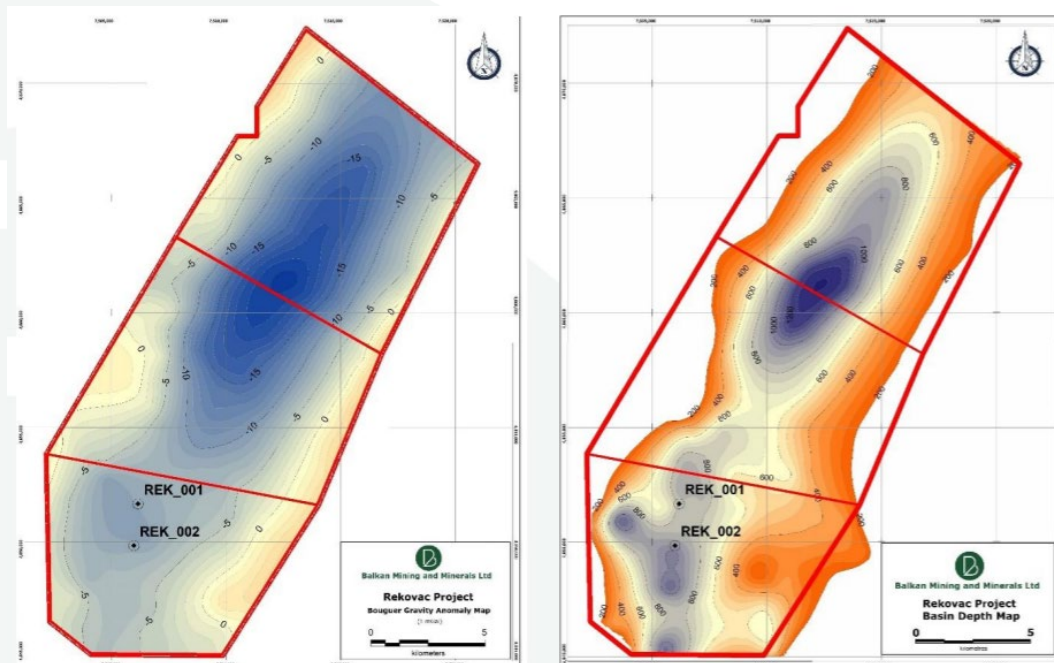


Figure 1 - Terrain corrected Complete Bouguer gravity image contoured at 1 mGal (left) and computed basin depth image contoured at 50m (right)

⁷ ASX Announcement 01 Nov 2021 - Gravity and magnetic geophysics completed at Rekovac & ASX Announcement 15 Nov 2021 - Gravity & Magnetic Survey Complete Over Entire Rekovac Project

⁸ ASX Announcement 11 Oct 2021 - Drilling to Commence at Rekovac Lithium-Borate Project & ASX Announcement 15 Nov 2021 - Gravity & Magnetic Survey Complete Over Entire Rekovac Project

The Rekovac basin likely contains at least 20 mGal of gravity range representing a thick sedimentary section. The Rekovac gravity anomaly is at least as well confined, rising from -20 mGal in its central low to about +2 mGal at the first mapped basement outcrop, a comparable maximum difference of 22 mGal. A new estimation of the thickness of Rekovac Neogene Basin (depth to basement) was made based on a new compilation of gravity data, drill hole information, and outcrop geology.

This provided a detailed image of the geometry of the basement surface cut by the fault, and thus an estimate of the vertical offset across the fault, at least since the Neogene sediments were deposited. Drilling data is used explicitly in the inversion to constrain the solution, and the inversion is fully 3-dimensional, thus providing more detail in the map of sediment thickness and the geometry of the basement surface.

The boratiferous sediment section, which occupies the southwestern rim, likely extends to the northeast into a thick section of restricted-circulation (saline-alkaline lacustrine) sediments in its early Miocene history.

Magnetic Survey Interpretations

The purpose of the airborne magnetic survey interpretation was to gather data that would help identify areas with the presence of "blind" Calc – Alkaline volcanic formations that may serve as a source of the volatile elements.

Growth faults are believed to have channelled mineral-rich fluids (brines) to the host strata during basin formation. The overall magnetic field over the northern portion of the project area has been found to be low to moderately low, with values diminishing to the north of the project area, probably due to the thickening of nonmagnetic younger sediments cover.

Within this relative low background, a slightly higher magnetic pattern (10nT above background) may indicate a spring source have been found in the northern central part of the project area. The spring water broadly discharged elevated elements into the lake waters along faulted margins. Those type of subaqueous springs has long been held as a preferred explanation for lithium borate origins.

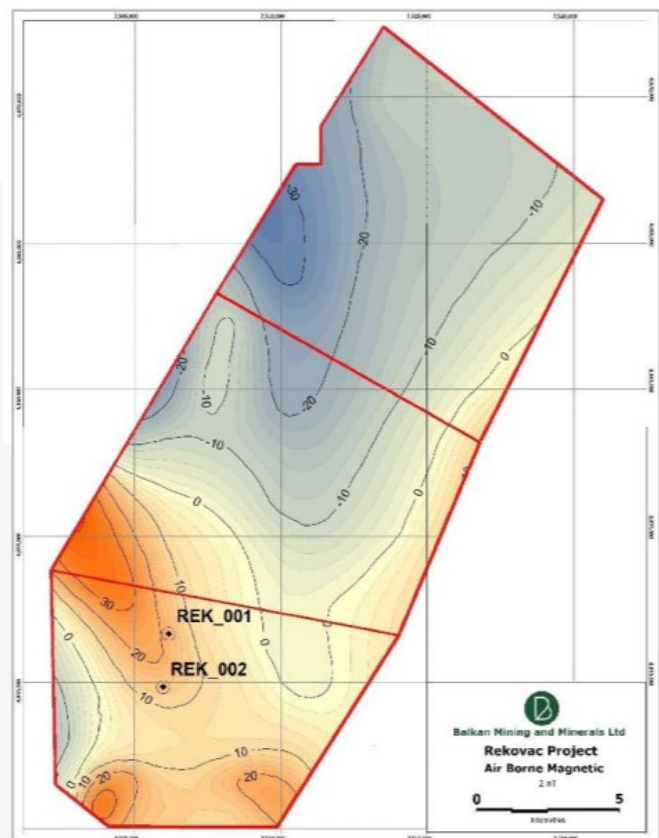


Figure 2 - Magnetic contour image contoured at 2nT

Dobrinja Lithium-Borate Project (100%)⁹

Sampling and Assays results

The Company conducted an extensive surface prospecting and a permit wide sampling program, consisting of 97 outcrops being observed and the required information being obtained and recorded into the company database. Additionally, 61 samples of lacustrine-appearing sediments were taken for geochemical analysis.

The sampling program was conducted to identify prospective stratigraphy with elevated lithium and boron and to allow the inference of prospective sections.

The field observations identified presences of evaporate mineralisation in form of analcime which is considered to be an indicator mineral of a saline-alkaline environment. The assay results from samples taken from overlaying younger sediments (Middle and Upper Miocene) returned with relatively low to medium lithium and boron values which indicates that the target stratigraphic units on the project area are underlying younger sediments.

Gravity Interpretation Results

In tandem with the sampling program the Company also completed gravity survey at Dobrinja, the gravity interpretation indicates that the Dobrinja basin has an elongated shape having a distinct NNW trend that parallels the regional tectonic grain of Tertiary arc-extensional structures. This appears related to differential basement composition trends over a wider area and perhaps reflects a dominantly oceanic crust increase westwardly to the deep regional subduction-suture belt. This resulted in the complete Bouguer anomaly field depicted in Figure 4, with terrain corrections where the lowest values are displayed in green indicating relatively thick sedimentary sections. Geophysics has identified that the most prospective area for future testing includes the Miocene sedimentary section, appearing in the gravity low along the basing axes.

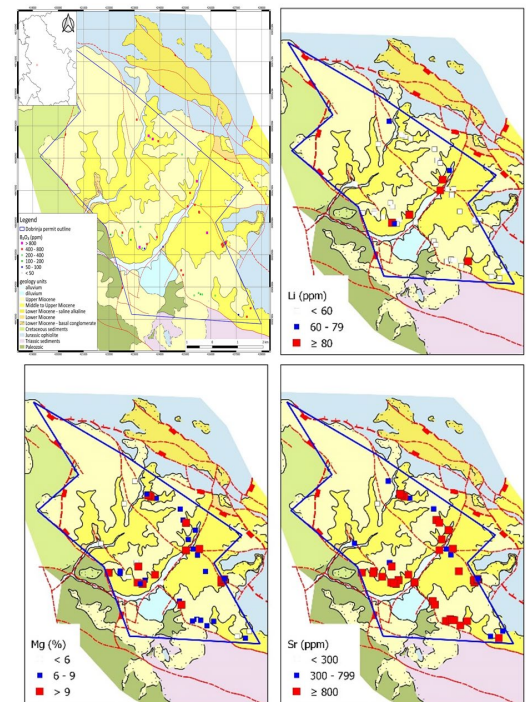


Figure 3 –Dobrinja geology map with rock sampling positions and Li, B, Mg & Sr values

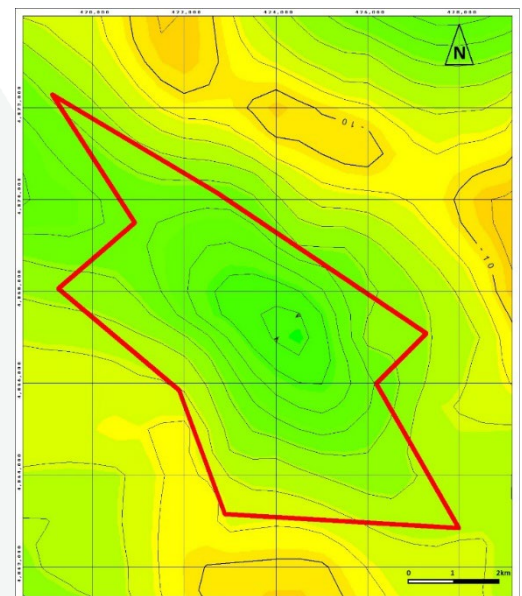


Figure 4 –Bouguer gravity image contoured at 1 mGal

⁹ ASX Announcement 06 Oct 2021 - Completion of Sampling at Dobrinja Lithium-Borate Project Work & ASX Announcement 10 Dec 2021 - Initial Gravity Surveys Interpretation Completed at Dobrinja



Business Development

The Company continues to actively review potential opportunities and partnerships that have a strategic fit for the Company and that have the potential to deliver value for Shareholders.

Corporate

Appointment of Technical Consultant

Pasala Exploration and Mining D.O.O (Pasala) provides the Company's growing team with additional resources in the development of its operations in the Balkans, assistance with the analysis and alignment of stakeholders' expectations, assistance with major stakeholder communication in the Balkan's region and to identify additional potential attractive opportunities for further investment in the region.

Chief Financial Officer Appointment

Mr Harry Spindler was appointed Chief Financial Officer 1 December 2021. Mr Spindler joined BMM in December 2020 as Company Secretary and worked closely with Managing Director Ross Cotton to implement the Company's ASX listing in July 2021.

Mr. Spindler is an experienced corporate professional with a broad range of finance, accounting, corporate governance and capital markets experience. He has provided consulting accounting services, held various company secretarial positions and has been involved with several public company listings, merger and acquisition transactions.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 31 December 2021 is submitted separately.

The Company had a cash balance of \$4,480k as at 31 December 2021. Exploration expenditure during the quarter totalled \$61k.

Use of Funds

A comparison of the Company's actual expenditure since admission to the Official List of ASX to 31 December 2021 against estimated expenditure in the Use of Funds statement in the Prospectus dated 25 May 2021 (Prospectus) is set out below:

Use of funds	Prospectus estimate (2 years)	Use until 31 Dec 21
Serbian project exploration	3,391,000	463,000
Project evaluation	500,000	95,000
Administration Costs	1,354,000	386,000
Repayment of Intercompany facility agreement	277,000	285,000
Expenses of the Public Offer	527,000	638,000
Working capital	451,000	154,000
Total	6,500,000	2,021,000

Use of funds variance explanations are outlined below:

- variances on operational expenditures are as a result of higher than estimated operational expenditures including insurances and the Company being only listed for 5.5 months into the 2 year prospectus estimate;
- since estimating the balance of the Intercompany Facility as set out in the Prospectus, the Company borrowings increased by an additional \$152k, of which \$76k was applied to Expenses of the Public Offer, \$60k utilised for Serbian project expenditure and \$16k utilised for administration costs, and repaid \$8k of interest.
- variances in expenses of the offer relate to higher than estimated audit fees, investigating accountant fees and legal fees.

Related Parties

As outlined in Section 6 of the attached Appendix 5B, during the December quarter approximately \$215k in payments were made to related parties and/or their associates as director's remuneration, accounting, company secretary and consulting fees and superannuation.

2021 Annual General Meeting (AGM)

The Company held its 2021 Annual General Meeting on 23 November 2021. All resolutions detailed in the Company's Notice of Meeting dated 25 October 2021 were passed by poll, details of which are included in the Company's announcement of 23 November 2021.

Capital Structure

The Capital Structure at the end of the December quarter is as follows:

- 46,050,000 Ordinary Shares on issue;
- 4,000,000 Unlisted Options on issue; and
- 2,100,000 Performance Rights on Issue

During the quarter, the Company issued 250,000 ordinary shares at \$0.595 per share to Pasala in consideration for providing the abovementioned consulting services for a period of 12 months. These shares are subject to a 12 month voluntary escrow period.

BMM's exploration tenement interests

Project	Tenement ID	BMM Indirect Interest
Rekovac		
- Rekovac	2224	100%
- Ursule	2429	100%
- Siokovac	2430	100%
Pranjani	2427	100%
Dobranja	2428	100%

* BMM's interest in these tenements are held indirectly through its subsidiary corporate structure. These tenements are held by Balkan Istraživanja d.o.o, BMM's Serbian subsidiary.

ASX Announcements

This Quarterly Activities Report contains information reported in accordance with JORC 2012 in the following announcements released during the December quarter.

21-Jan-22	Dobrina Sampling Assays Yield Encouraging Results
10-Dec-21	Initial Gravity Surveys Interpretation Completed at Dobrinja
01-Dec-21	Appointment of Chief Financial Officer
23-Nov-21	121 EMEA Conference Presentation
15-Nov-21	Gravity & Magnetic Survey Complete Over Entire Rekovac Project
10-Nov-21	Appointment of Technical Consultant
01-Nov-21	Gravity and magnetic geophysics completed at Rekovac
29-Oct-21	Quarterly Activities/Appendix 5B Cash Flow Report
11-Oct-21	Drilling to Commence at Rekovac Lithium-Borate Project
07-Oct-21	Corporate Presentation
06-Oct-21	Completion of Sampling at Dobrinja Lithium-Borate Project

These announcements are available for viewing on the Company's website under the Investors tab. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements above.

ABOUT BALKAN MINING AND MINERALS

Balkan Mining and Minerals 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.



Figure 5 – Balkan Mining and Minerals Project Locations



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Authorised for release by the Board of Balkan Mining and Minerals Limited

-ENDS-

Compliance Statement

This quarterly report contains information on the Rekovac, Dobrinja and Pranjani Projects extracted from ASX market announcements dated, 6 October 2021, 7 October 2021, 11 October 2021, 29 October 2021, 1 November 2021, 15 November 2021, 23 November 2021 and 10 December 2021 and 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 www.balkanmin.com. BMM confirms that it is not aware of any new information or data that materially affects the information included in any original ASX market announcement.

Forward-looking Statements

Certain statements included in this release constitute forward-looking information. Statements regarding BMM's plans with respect to its mineral properties and programs are forward-looking statements. There can be no assurance that BMM's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that BMM will be able to confirm the presence of additional mineral resources, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of BMM's mineral properties. The performance of BMM may be influenced by a number of factors which are outside the control of the Company and its Directors, staff, and contractors.

These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of exploration sample, mapping and drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves and resources, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the company's prospects, properties and business strategy.

There is continuing uncertainty as to the full impact of COVID-19 on BMM's business, the Australian economy, share markets and the economies in which BMM conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on BMM's business or the price of BMM securities.

Except for statutory liability which cannot be excluded, each of BMM, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission. BMM undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly, you should not place undue reliance on any forward-looking statement.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Balkan Mining and Minerals Limited

ABN

67 646 716 681

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(219)	(313)
	(e) administration and corporate costs	(298)	(584)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	(8)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(517)	(905)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2)	(63)
	(d) exploration & evaluation	(61)	(102)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(63)	(165)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(562)
3.5	Proceeds from borrowings	-	40
3.6	Repayment of borrowings	-	(430)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.10	Net cash from / (used in) financing activities	-	5,548

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,065	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(517)	(905)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(63)	(165)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	5,548

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(5)	1
4.6	Cash and cash equivalents at end of period	4,480	4,480

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,480	5,065
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,480	5,065

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	215
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(517)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(61)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(578)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,480
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,480
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	7.8
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.