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2024

HALF YEARLY REPORT

For the half year ending 31st December 2023



BLACK CANYON

and its controlled entities

ASX:BCA

blackcanyon.com.au

FINANCIAL REPORT

for the half year ended 31 December 2023

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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

Head Office and Registered Office

Registered Office and Principal Place of Business

283 Rokeby Road
Subiaco WA 6008
Telephone +61 8 9426 0666

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
PERTH WA 6000

Securities Exchange

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PERTH WA 6000
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Facsimile: +61 2 9227 0885
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ASX Code: BCA

Auditor

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco WA 6008

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the Company and its controlled entities, for the six months ended 31 December 2023.

The names, appointment periods and particulars of the Company directors who held office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

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 half 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 2023 up until the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

During the half-year the Company made a loss for the period after providing for income tax that amounted to \$495,693 (2022: \$1,021,956).

Black Canyon Limited ("Black Canyon" or the "Company") has manganese exploration and development projects in Western Australia's Pilbara region. The Company has a portfolio of tenements that are prospective for manganese mineralisation such as "Woodie-Woodie" hydrothermal (high-grade Mn) and "Supergene Balfour" style manganese deposits (medium-grade Mn/Fe). The projects have the potential of producing manganese concentrate at the mine site, and with further downstream processing to produce high purity manganese sulphate monohydrate (HPMSM) for the steel industry and cathodes of batteries used in electric vehicles respectively.

The Company's projects comprise more than 2,400km² of prospective tenure in a premier mining jurisdiction (East Pilbara), close to the operating Woodie Woodie and Butcherbird manganese mines.

Black Canyon Limited's efforts throughout the half-year have been pivotal in advancing its manganese exploration and development projects within the Pilbara region. The company focuses on exploiting the high potential of its tenements for manganese mineralization, which is crucial for producing manganese concentrates and HPMSM.

During this period, Black Canyon achieved a significant milestone by updating the Global Mineral Resource Estimate (MRE) from multiple discoveries across the Balfour Manganese Field (BMF). The updated MRE now stands at 314 Mt at 10.5% Mn, for 33.1 MT of contained manganese. This update includes a higher-grade subset of 99 Mt at 12.9% Mn, further highlighting the project's potential. The updated Global MRE includes maiden estimates for the KR1 and KR2 deposits, as well as the Balfour East and Damsite prospects, showcasing the exploration success across the Company's 100% owned tenements.

The Company also made significant progress in the development of HPMSM, a key component for the burgeoning electric vehicle battery market. Test work on manganese oxide samples from the KR1 deposit within the BMF has successfully produced HPMSM that meets battery grade specification, with a purity level exceeding 99% and impurity levels within the required specifications. This achievement underscores Black Canyon's potential to contribute to the global HPMSM supply chain, currently dominated by China.

Further exploration efforts at the Wandanya project yielded high-grade rock chip samples, with results up to 58.5% manganese. This, along with detailed sampling and mapping, confirms the presence of significant bedded to massive mineralization, establishing a potential foundation for future resource estimation and development.

Corporate activities during the period included a successful capital raising effort, securing \$1.95 million through a placement of which Directors contributed \$170,000, enhancing the company's financial position to support

ongoing exploration and development initiatives. In December 2023, the Company issued 2,147,092 deferred Performance Shares to the vendors of E46/1383 which includes the KR1 and KR2 deposits. Also in December, the Company issued a further 2,000,000 Shares to the vendors of Panther Resources Pty Ltd as deferred consideration. Additionally, Black Canyon continued discussions on the Carawine JV, aiming to resolve outstanding matters related to the Joint Venture Agreement.

Looking forward, the Company aims to review regional exploration plans, continue upscaled hydrometallurgical test work on manganese oxide ores, and finalize location options for a HPMSM production facility in Australia. These efforts, along with environmental studies and engagement with potential off-take partners and end users, are poised to significantly advance Black Canyon's position in the manganese market, benefiting from the global shift towards electric vehicles and renewable energy solutions.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

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

PRINCIPAL ACTIVITIES

The Company continued exploration of its projects, targeting manganese in WA's Pilbara region.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD


There were no other events subsequent to the end of the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2023 has been received and can be found on page 6.

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
Chairman
14 March 2023

AUDITOR'S INDEPENDENCE DECLARATION BLACK CANYON 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 Ltd.

As lead audit partner for the review of the financial report of Black Canyon Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



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



Nikki Shen
Director

Dated 14 March 2024

DIRECTORS' DECLARATION

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

- (a) Comply with Accounting Standards AASB 134: Interim Financial Reporting; and
- (b) Give a true and fair view of the financial position of the entity as at 31 December 2023 and of its performance for the six months 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 is made in accordance with a resolution of the directors.

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



Mr Graham Ascough
Chairman
14 March 2023

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Black Canyon Ltd (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the half-year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2023 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

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

Independence

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



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



Nikki Shen
Director

Dated 14 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue interest income		23,479	17,624
Revenue – R&D rebate		168,054	-
Administration expense		(219,402)	(163,959)
Professional Fees and legal		(100,647)	(110,398)
Employee benefit expense		(367,178)	(345,582)
Exploration and evaluation expenses written off	7	-	(419,641)
Loss before income tax		(495,693)	(1,021,956)
Income tax expense/(benefit)			-
Loss for the half year		(495,693)	(1,021,956)
Other comprehensive income for the half year, net of tax			-
Total comprehensive loss for the half year		(495,693)	(1,021,956)
Loss per share attributable to the ordinary equity holders of the Company			¢
Basic (loss) per share		(0.62)	(1.98)
Diluted (loss) per share		(0.59)	(1.86)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Current assets			
Cash and cash equivalents	3	1,432,503	1,126,920
Trade and other receivables	4	5,202	269,877
Other current assets	5	33,160	-
Total current assets		1,470,864	1,396,797
Non-current assets			
Plant and equipment		60,902	69,811
Mineral exploration and evaluation assets	7	6,270,563	4,677,922
Total non-current assets		6,331,466	4,747,733
Total assets		7,802,330	6,144,530
Current liabilities			
Trade and other payables	6	308,644	540,532
Total current liabilities		308,644	540,532
Non-current liabilities			
Long Service Leave		11,234	-
Total non-current liabilities		11,234	-
Total liabilities		319,634	540,532
Net assets		7,482,451	5,603,998
Equity			
Contributed equity	2	12,065,163	9,721,017
Reserves		176,296	146,296
Accumulated losses		(4,759,008)	(4,263,315)
Total equity		7,482,451	5,603,998

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Contributed equity \$	Share based payment reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 30 June 2023	9,721,017	146,296	(4,263,315)	5,603,998
Total comprehensive loss for the half year			(495,693)	(495,693)
Issue of Options – capital raising cost	(30,000)	30,000	-	-
Contributions of equity, net of transaction costs	2,374,146	-	-	2,374,146
Balance as at 31 December 2023	12,065,163	176,296	(4,759,008)	7,482,451
Balance at 30 June 2022	9,521,017	106,570	(2,241,446)	7,386,141
Total comprehensive loss for the half-year	-	-	(1,021,956)	(1,021,956)
Contributions of equity, net of transaction costs	-	-	-	-
Balance at 31 December 2022	9,521,017	106,570	(3,263,402)	6,364,185

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Cash flow from operating activities			
Interests received		23,479	17,624
Receipts R&D rebate		168,054	-
Payments to suppliers & employees		(666,793)	(1,254,146)
Net cash (outflow) from operating activities		(475,260)	(1,236,522)
Cash flow from investing activities:			
Purchase of property, plant, equipment		(663)	-
Payments for exploration expenditure assets		(1,046,728)	(1,297,218)
Net cash (outflow) from investing activities		(1,047,391)	(1,297,218)
Cash flow from financing activities:			
Proceeds from the issue of shares (net of costs)		1,828,233	-
Net cash inflow from financing activities		1,828,233	-
Net increase / (decrease) in cash held		305,583	(2,533,740)
Cash and cash equivalents at the beginning of the half-year		1,126,920	4,749,569
Cash and cash equivalents at the end of period	3	1,432,503	2,215,829

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2023

GENERAL INFORMATION

Black Canyon Limited is a listed public company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at 283 Rokeby Road, Subiaco WA. These are the consolidated financial statements and notes of Black Canyon Limited (the Company) and controlled entity (collectively the Group). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in the exploration, development and mining of minerals.

The separate financial statements of Black Canyon Limited, as the parent entity, have not been presented with this financial report as permitted by the Corporations Act 2001 (Cth).

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

1. BASIS OF PREPARATION

The financial statements were authorised for issue on 14 March 2023 by the directors of the Company.

1.1 STATEMENT OF COMPLIANCE

The half year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

1.2 ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2023

1.4 GOING CONCERN

The 31 December 2023 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

The Group incurred a loss for the half-year of \$495,693 (2022: \$1,021,956 loss) and a net cash inflow from operating, investing, and financing activities of \$305,583 (2022: \$2,533,740 outflow).

As at 31 December 2023, the Company had working capital of \$ 1,162,219 (2022: \$2,223,286 working capital).

The Directors believe that the Company has sufficient cash reserves to meet its expenditure commitments and working capital requirements for the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2023

2. ISSUED CAPITAL

	31 Dec 2023		30 June 2023	
	No.		No.	
Fully paid ordinary shares	71,039,036		52,613,382	

	31 Dec 2023		30 June 2023	
	No.	\$	No.	\$
Balance at beginning of the period	52,613,382	9,721,017	52,613,382	9,721,017
• Issued on 27 th July 2023: Shares issued at \$0.14	7,791,587	1,090,822		
• Issued on 25 th September 2023: Shares issued at \$0.14	6,136,984	859,178		
• Issued on 31 st October 2023: Shares issued at \$0.14 ¹	349,991	48,999		
• Issued on 1 st December 2023: Shares issued at \$0.115 ²	2,147,092	246,916		
• Issued on 20 th December 2023: Shares issued at \$0.125 ³	2,000,000	250,000		
Share issue costs		(151,769)		
Balance at end of the period	71,039,036	12,065,163	52,613,382	9,721,017

1. Shares issued to drilling contractor for services rendered.
2. Shares issued to Killi Resources for defining > 50Mt of mineral resources on E46/1383.
3. Shares issued to the vendors of Panther Resources upon defining >30Mt of mineral resource.

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. CASH AND CASH EQUIVALENTS

	31 Dec 2023	30 June 2023
	\$	\$
Cash and cash equivalents	1,432,503	1,126,920
	1,432,503	1,126,920

4. TRADE AND OTHER RECEIVABLES

	31 Dec 2023	30 June 2023
	\$	\$
Other receivables - GST Recoverable	5,201	58,765
Other receivables – Accounts receivable	-	180,324
	5,201	239,089

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2023

5. OTHER CURRENT ASSETS

	31 Dec 2023 \$	30 June 2023 \$
Prepayments	33,160	30,788
	<u>33,160</u>	<u>30,788</u>

6. TRADE AND OTHER PAYABLES

	31 Dec 2023 \$	30 June 2023 \$
Trade creditors	146,838	340,836
Other payables ⁽ⁱ⁾	148,361	156,276
Accrued expenses	13,445	43,420
	<u>308,644</u>	<u>540,532</u>

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

7. EXPLORATION AND EVALUATION

	31 Dec 2023 \$	30 June 2023 \$
Balance at beginning of the period	4,677,922	3,334,839
Exploration of tenements	1,095,725	1,891,158
Write off exploration expenses	-	(348,075)
Write off investment in Zephyr Exploration Pty Ltd	-	(400,000)
Share based payments for tenements	496,916	200,000
Balance at the end of the Period	<u>6,270,563</u>	<u>4,677,922</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest.

8 OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal location based on geographical areas and therefore different regulatory environments – Australia. The Group operates predominantly in the minerals exploration and evaluation industry.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2023

The Group currently operates materially in one business segment and one geographical segment as described above. Accordingly, the financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

9 COMMITMENTS AND CONTINGENT LIABILITIES

9.1 COMMITMENTS

Since 31 December 2023, the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2023 annual report.

9.2 CONTINGENT ASSETS AND LIABILITIES

9.2.1 CONTINGENT LIABILITIES

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

9.2.2 CONTINGENT ASSETS

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

10 SUBSEQUENT EVENTS

There were no other events subsequent to the end of the reporting period.