



BLACK CAT SYNDICATE LIMITED
ABN 63 620 896 282

Interim Consolidated Financial Report

For the Half-Year Ended
31 December 2020

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BLACK CAT SYNDICATE LIMITED
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Directors' Report

The Directors present their interim consolidated report of Black Cat Syndicate Limited (**Black Cat** or **the Company**) and its controlled entity for the half-year ended 31 December 2020.

DIRECTORS

The following persons were Directors of Black Cat during the whole of the period and up to the date of this report, (unless otherwise stated):

Paul Chapman (Non-Executive Chairman)
Gareth Solly (Managing Director)
Les Davis (Non-Executive Director)
Alex Hewlett (Non-Executive Director) – resigned 28 February 2021
Tony Polglase (Non-Executive Director)

COMPANY SECRETARIES

Mark Pitts
Dan Travers

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial period were mineral exploration, resource development and economic studies at the Company's Bulong and Fingals Gold Projects in Western Australia. There were no significant changes in these activities during the financial period.

REVIEW OF OPERATIONS

The consolidated net loss after income tax for the half-year was \$776,687 (2019: \$700,143).

Operations during the reporting period were primarily focused on gold exploration, resource development and undertaking economic studies at the Group's gold projects in Western Australia.

At the end of the half-year the Group had \$5,992,792 in cash and at call deposits (30 June 2020: \$2,868,148). Capitalised mineral exploration and evaluation expenditure (including acquisition costs) is \$23,652,428 (30 June 2020: \$10,030,732).

During the reporting period the Group received \$10,000,000 (before costs) pursuant to the issue of shares pursuant to a share placement and \$359,326 on the exercise of options. In addition, the Group issued 8,417,962 shares at \$0.91 per share in consideration for the acquisition of the Fingals and Rowe's Find gold projects from Silver Lake Resources Limited.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the reporting period the Company acquired the Fingals and Rowe's Find gold projects from Silver Lake Resources Limited, and published maiden economic studies in respect of the Bulong and Fingals gold projects.

Other than the above, there have been no significant changes in the state of affairs of the Company and Group during or since the end of the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 1 March 2020 the Group announced that it had entered into an option to acquire a 1.5mtpa milling facility and associated equipment for a total of \$1.41 million, if exercised.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Report

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

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

DATED at Perth this 5th day of March 2021.



Gareth Solly
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Black Cat Syndicate Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 5 March 2021

BLACK CAT SYNDICATE LIMITED
ABN 63 620 896 282

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Government cash flow assistance grant		50,000	-
Interest income		12,847	16,348
Other income		62,847	16,348
Legal and professional		(53,687)	(975)
Employee costs	13	(213,139)	(201,226)
Equity based remuneration	12	(275,063)	(165,316)
Loss on disposal of assets		(26,060)	-
Depreciation		(8,734)	(7,204)
Corporate advisory		(60,000)	(30,957)
Marketing and promotion		(13,718)	(40,055)
Administration and other expenses		(167,797)	(198,771)
Losses on foreign exchange		(17,163)	-
Exploration costs expensed		-	(51,263)
Travel		(4,173)	(20,724)
Loss before income tax		(776,687)	(700,143)
Income tax benefit/(expense)		-	-
Loss for the half-year		(776,687)	(700,143)
Other comprehensive income		-	-
Total comprehensive income for the period		(776,687)	(700,143)
Loss per share			
Basic loss per share (cents)		(0.7)	(0.9)
Diluted loss per share (cents)		(0.7)	(0.9)

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

BLACK CAT SYNDICATE LIMITED
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Consolidated Statement of Financial Position
As at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents		5,992,792	2,868,148
Trade and other receivables		108,546	62,894
Total current assets		6,101,338	2,931,042
Non-current assets			
Property, plant and equipment		94,099	61,968
Capitalised mineral exploration and evaluation expenditure	5	23,652,428	10,030,732
Total non-current assets		23,746,527	10,092,700
Total assets		29,847,865	13,023,742
Current liabilities			
Trade and other payables		967,270	897,275
Employee entitlements		122,327	100,184
Total current liabilities		1,089,597	997,459
Total liabilities		1,089,597	997,459
Net assets		28,758,268	12,026,283
Equity			
Issued capital	10	31,628,796	14,395,187
Accumulated losses		(4,040,259)	(3,278,232)
Share based payments reserve		1,169,731	909,328
Total equity		28,758,268	12,026,283

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

BLACK CAT SYNDICATE LIMITED
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Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total
	\$	\$	\$	\$
<u>Half-year ended 31 December 2019</u>				
Balance at the start of the financial period	8,106,341	(1,880,731)	694,642	6,920,252
Comprehensive loss for the financial period	-	(700,143)	-	(700,143)
Share issued (net of costs)	5,245,924	-	-	5,245,924
Movement in share-based payments reserve in respect of options vested	-	-	165,316	165,316
Balance at the end of the financial period	13,352,265	(2,580,874)	859,958	11,631,349
<u>Half-year ended 31 December 2020</u>				
Balance at the start of the financial period	14,395,187	(3,278,232)	909,328	12,026,283
Comprehensive loss for the financial period	-	(776,687)	-	(776,687)
Share issued (net of costs)	17,233,609	-	-	17,233,609
Movement in share-based payments reserve in respect of options vested	-	-	275,063	275,063
Transfer in reserves in respect of options exercised	-	14,660	(14,660)	-
Balance at the end of the financial period	31,628,796	(4,040,259)	1,169,731	28,758,268

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

BLACK CAT SYNDICATE LIMITED
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Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities		
Government cash flow assistance grant	50,000	-
EIS co-funded drilling grant	-	27,726
Interest received	12,847	19,365
Payments to suppliers and employees	(607,415)	(530,194)
Net cash used in operating activities	(544,568)	(483,103)
Cash flows from investing activities		
Payments for property, plant and equipment	(66,925)	(35,456)
Payments for project acquisitions	(855,574)	(29,965)
Payments for exploration costs	(4,964,391)	(2,027,707)
Net cash used in investing activities	(5,886,890)	(2,093,128)
Cash flows from financing activities		
Proceeds from the issue of shares	10,359,326	5,533,778
Payments for costs associated with issues of shares	(786,061)	(327,854)
Net cash provided by financing activities	9,573,265	5,205,924
Net increase in cash held	3,141,807	2,629,693
Cash at the beginning of the period	2,868,148	2,708,539
Effect of foreign exchange on cash assets	(17,163)	-
Cash at the end of the period	5,992,792	5,338,232

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2020

Note 1 Basis of preparation of half-year report

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 half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the 30 June 2020 annual financial statements.

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

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

These accounting policies are consistent with those previously disclosed in the 30 June 2020 annual financial statements unless otherwise stated.

The half-year financial report was approved by the Board of Directors on 5 March 2021.

New or amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Critical accounting estimates

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards (AIFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2020

Note 1 Basis of preparation of half-year report (continued)

Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure

There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however, management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

Accounting for share based payments

The values of amounts recognised in respect of share-based payments have been estimated based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change, this could have a significant effect on the amounts recognised.

Note 3 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

Note 4 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2019 or 31 December 2020.

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Notes to the Interim Financial Statements
For the half-year ended 31 December 2020

Note 5 Capitalised mineral exploration and evaluation expenditure

	Period to 31 December 2020 \$	Period to 31 December 2019 \$
Balance at 1 July	10,030,732	4,592,835
Acquisition of exploration assets (note 6)	8,515,919	40,000
Capitalised costs for the period	5,105,777	2,414,094
Exploration costs funded by EIS grant	-	(27,726)
Balance at 31 December	23,652,428	7,019,203

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Grants receivable in relation to undertaking exploration activities reduce the asset or expense recognised in respect of the relevant activity.

Note 6 Acquisition of Exploration Assets

During the period the Group completed the acquisition of exploration assets pursuant to various acquisition agreements. Total acquisition costs for the 6 month period amounted to \$8,515,919 (note 5), which includes various acquisition and application related costs and the following specific transactions:

	Cash Consideration (incl option fees)	Share Based Consideration	Total Consideration
Acquisition of Fingals and Rowes Find Gold Projects	\$Nil	\$7,660,345 ¹	\$7,660,345
Acquisition of Trojan, Slate Dam and Clinker Gold Projects	\$500,000	\$Nil	\$500,000
Acquisition of Yarri East	\$200,000	\$Nil	\$200,000

¹During the financial period the Company completed the acquisition of the Fingals and Rowes Find projects by the issue of 8,417,962 shares at a fair value of \$0.91 each to Silver Lake Resources Limited (refer Note 10). The Company paid a \$50,000 cash deposit in respect of the acquisition in the financial year ended 30 June 2020.

Note that the shares issued to acquire the Fingals and Rowe's Find projects are recognised at fair value as at the date of settlement, which is considered to be the 'measurement date' for the purposes of AASB 2. The agreed price determined at the date of entering into the transaction was \$0.49 per share.

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Notes to the Interim Financial Statements
For the half year ended 31 December 2020

Note 7 Contingencies

There has been no material change to the contingent assets or liabilities since 30 June 2020.

Note 8 Commitments

There has been no material change to commitments since 30 June 2020.

Note 9 Events occurring after the reporting date

On 1 March 2020 the Group announced that it had entered into an option to acquire a 1.5mtpa milling facility and associated equipment for a total of \$1.41 million, if exercised.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 10 Issued capital

	<i>Issue price</i>	31 Dec 2020 No.	31 Dec 2020 \$	31 Dec 2019 No.	31 Dec 2019 \$
<i>Share movements during the period</i>					
Balance at 1 July		87,947,952	14,395,187	69,760,002	8,106,341
Placement shares issued	\$0.43	-	-	11,627,907	5,000,000
Shares issued to acquire Balgundi joint venture assets ¹	\$0.326	-	-	122,820	40,000
Share issued on exercise of options ²	\$0.20	1,576,631	315,326	2,668,889	533,778
Share issued on exercise of options ²	\$0.22	200,000	44,000	-	-
Shares issued to acquire Fingals and Rowe's Find gold projects (note 6)	\$0.91	8,417,962	7,660,345	-	-
Placement shares issued	\$0.82	12,195,122	10,000,000	-	-
Less share issue costs		-	(786,062)	-	(327,854)
Balance at 31 December		110,337,667	31,628,796	84,179,618	13,352,265

¹Shares issued to Pioneer Resources Limited pursuant to the Balagundi joint venture agreement.

²Shares issued on the exercise of options (refer note 11).

BLACK CAT SYNDICATE LIMITED
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Notes to the Interim Financial Statements
For the half year ended 31 December 2020

Note 11 Options

During the current and comparative financial period the following movements in options over unissued shares occurred:

	31 December 2020 No.	31 December 2019 No.
Options on issue at 1 July	14,492,778	19,310,001
Options exercised ¹	(1,576,631)	(2,668,889)
Options exercised ²	(200,000)	-
Options issued to employees pursuant to the Company's Incentive Option Plan or with shareholder approval (<i>note 12</i>)	812,000	700,000
Options on issue at the start of the financial period	13,528,147	17,341,112

¹ Options exercisable at \$0.20 each and expiring 17 January 2023 exercised during the period (refer note 10).

² Options exercisable at \$0.22 each and expiring 31 July 2022 exercised during the period (refer note 10).

Note 12 Share based payments

812,000 options issued to employees and officers during the period (*refer Note 11*) have been valued using the Black Scholes option valuation model using the following inputs:

Number of Options Issued	187,000	625,000
Share price at grant date	\$0.84	\$0.68
Exercise price	\$1.20	\$0.98
Grant date	22 Jul 2020	14 Dec 2020
Expiry date	21 July 2024	10 Dec 2024
Risk free rate	0.26%	1.00%
Volatility	79.3%	75.0%
Fair value of options issued	\$76,792	\$198,271

Note 13 Employee expenses

Employee costs of \$213,139 (2019: \$201,226) are inclusive of fees, salaries, superannuation and other employee related expenses and are stated after an allocation to exploration costs of \$591,349 (2019: \$435,737).

Directors' Declaration

The Directors of Black Cat Syndicate Limited ("the Consolidated Entity") declare that:

- (a) the interim financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the period ended on that date of the Consolidated Entity.
- (b) there are reasonable grounds to believe that the Consolidated Entity 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.

Signed at Perth this 5th day of March 2021.



Gareth Solly
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACK CAT SYNDICATE LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Black Cat Syndicate Limited and its controlled entities (the Group), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Black Cat Syndicate Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Group 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 5 March 2021