BLACK CAT SYNDICATE LIMITED
ABN 63 620 896 282

Interim Consolidated Financial Report

For the Half-Year Ended
31 December 2019

Contents

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 2019.

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)

COMPANY SECRETARIES

Mark Pitts
Dan Travers

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was mineral exploration at the Company's Bulong Gold Project 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 $700,143 (2018: $546,650).

Operations during the reporting period were primarily focused on gold exploration at the Group's gold projects in Western Australia.

At the end of the half-year the Group had $5,338,232 in cash and at call deposits (30 June 2019: $2,708,539. Capitalised mineral exploration and evaluation expenditure is $7,019,203 (30 June 2019: $4,592,835).

During the reporting period the Group received $5,000,000 (before costs) pursuant to the issue of shares pursuant to a share placement and $533,778 on the exercise of options.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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 10th day of March 2020.

Gareth Solly
Managing Director

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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 period ended 31 December 2019, 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

Crowe Perth

Cyrus Patell
Partner

Signed at Perth, 10 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

	Note	**31 December 2019 $**	31 December 2018 $
Interest income		**16,348**	18,585
Other income		**16,348**	18,585
Legal and professional		**(975)**	(7,637)
Employee costs	14	**(201,226)**	(169,040)
Equity based remuneration	13	**(165,316)**	(29,320)
Depreciation		**(7,204)**	(5,035)
Corporate advisory		**(30,957)**	(69,000)
Marketing and promotion		**(40,055)**	(24,225)
Administration and other expenses		**(198,771)**	(170,616)
Exploration costs expensed		**(51,263)**	(86,179)
Travel		**(20,724)**	(4,183)
Loss before income tax		**(700,143)**	(546,650)
Income tax benefit/(expense)		**-**	-
Loss for the half-year		**(700,143)**	(546,650)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**(700,143)**	(546,650)
Loss per share			
Basic loss per share (cents)		**(0.9)**	(1.0)
Diluted loss per share (cents)		**(0.9)**	(1.0)

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

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
Current assets			
Cash and cash equivalents		**5,338,232**	2,708,539
Trade and other receivables	5	**60,267**	62,066
Total current assets		**5,398,499**	2,770,605
Non-current assets			
Property, plant and equipment		**64,254**	36,002
Capitalised mineral exploration and evaluation expenditure	7	**7,019,203**	4,592,835
Total non-current assets		**7,083,457**	4,628,837
Total assets		**12,481,956**	7,399,442
Current liabilities			
Trade and other payables	6	**772,555**	436,900
Employee entitlements		**78,052**	42,290
Total current liabilities		**850,607**	479,190
Total liabilities		**850,607**	479,190
Net assets		**11,631,349**	6,920,252
Equity			
Issued capital	11	**13,352,265**	8,106,341
Accumulated losses		**(2,580,874)**	(1,880,731)
Share based payments reserve		**859,958**	694,642
Total equity		**11,631,349**	6,920,252

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2019

	Consolidated			
	Issued capital $	Accumulated losses $	Share based payments reserve $	Total $
Period ended 31 December 2018				
Balance at the start of the financial period	5,792,125	(749,702)	459,177	5,501,600
Comprehensive loss for the financial period	-	(546,650)	-	(546,650)
Share issue costs	(12,062)	-	-	(12,062)
Movement in share based payments reserve in respect of options vested	-	-	29,320	29,320
Balance at the end of the financial period	5,780,063	(1,296,352)	488,497	4,972,208
Half-year ended 31 December 2019				
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**

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
EIS co-funded drilling grant		**27,726**	110,904
Interest received		**19,365**	32,656
Payments to suppliers and employees		**(530,194)**	(439,812)
Net cash (used in) operating activities		**(483,103)**	(296,252)
Cash flows from investing activities			
Payments for property, plant and equipment		**(35,456)**	-
Payments for project acquisitions		**(29,965)**	(9,595)
Payments for exploration costs		**(2,027,707)**	(1,606,605)
Net cash (used in) investing activities		**(2,093,128)**	(1,616,200)
Cash flows from financing activities			
Proceeds from the issue of shares		**5,533,778**	-
Payments for costs associated with issues of shares		**(327,854)**	(12,062)
Net cash provided by/(used in) financing activities		**5,205,924**	(12,062)
Net increase/(decrease) in cash held		**2,629,693**	(1,924,514)
Cash at the beginning of the period		**2,708,539**	3,878,872
Cash at the end of the period		**5,338,232**	1,954,358

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 2019

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 2019 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 2019 annual financial statements unless otherwise stated.

The half-year financial report was approved by the Board of Directors on 9 March 2020.

New Standards and Interpretations applicable for the half year ended 31 December 2019

For the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. Those which have a material impact on the Group are set out below.

AASB 16 Leases - Change in accounting policy

AASB 16 *Leases* supersedes AASB 117 *Leases*. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised on the Statement of Financial Position and removes the former distinction between ‘operating and ‘finance’ leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Consolidated Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on retained earnings under this approach, and comparatives have not been restated.

Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2019

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

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price pf purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there us a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2019

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

Adoption of AASB 16 Leases – Impact of Changes

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information.

As at 31 December 2019 the Group had one month left to the expiry of the lease for its office at a monthly cost of $1,558, therefore the impact on the accounting policies, financial performance and financial position of the Group from the adoption of AASB 16 is considered to be immaterial and no lease liability or right to use asset has been recognised as at 31 December 2019.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Group.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

New Standards and Interpretations applicable for the half year ended 31 December 2019

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

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.

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.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2019

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.

Note 5 Trade and other receivables

	31 December 2019 $	30 June 2019 $
Other receivables	**310**	3,327
GST receivable	**59,957**	58,739
	60,267	62,066

Notes to the Interim Financial Statements
For the half-year ended 31 December 2019

Note 6 Trade and other payables

	31 December 2019 $	30 June 2019 $
Trade payables and accrued expenses	**713,446**	420,773
Other payables	**59,109**	16,127
	772,555	436,900

Note 7 Capitalised mineral exploration and evaluation expenditure

	Period to 31 December 2019 $	Period to 31 December 2018 $
Balance at the start of the financial period	**4,592,835**	1,869,294
Capitalised costs for the period	**2,454,094**	1,575,614
Exploration costs funded by EIS grant	**(27,726)**	(110,904)
Balance at the end of the financial period	**7,019,203**	3,334,004

Note, the above amounts include acquisition costs. 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 8 Contingencies

There has been no material change to the contingent assets or liabilities since 30 June 2019.

Note 9 Commitments

There has been no material change to commitments since 30 June 2019.

Note 10 Events occurring after the reporting date

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.

Notes to the Interim Financial Statements
For the half year ended 31 December 2019

Note 11 Issued capital

	Issue price	**31 Dec 2019 No.**	**31 Dec 2019 $**	31 Dec 2018 No.	31 Dec 2018 $
Share movements during the period					
Balance at the start of the financial period		**69,760,002**	**8,106,341**	57,260,002	5,792,125
Shares issued to acquire exploration assets[1]	*$0.326*	**122,820**	**40,000**	-	-
Share issued on exercise of options[2]	*$0.20*	**2,668,889**	**533,778**	-	-
Placement shares issued	*$0.43*	**11,627,907**	**5,000,000**	-	-
Less share issue costs		**-**	**(327,854)**	-	(12,062)
Balance at the end of the financial period		**84,179,618**	**13,352,265**	57,260,002	5,780,063

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

[2]Shares issued on the exercise of options (refer note 12).

No shares have been issued during the comparative reporting period.

Note 12 Options

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

	31 December 2019 No.	31 December 2018 No.
Options on issue at the start of the financial period	**19,310,001**	17,460,001
Options exercised[1]	**(2,668,889)**	-
Options issued to employees pursuant to the Company's Incentive Option Plan *(note 13)*	**700,000**	400,000
	17,341,112	17,860,001

[1] Options exercisable at $0.20 each and expiring 17 January 2023 exercised during the period (refer note 11).

Notes to the Interim Financial Statements
For the half year ended 31 December 2019

Note 13 Share based payments

700,000 options issued to employees during the period *(refer Note 12)* have been valued using the Black Scholes option valuation model using the following inputs:

Share price at valuation date of 23 August 2019	44.9 cents
Exercise price	60.0 cents
Expiry date	2 August 2023
Risk free rate	0.69%
Volatility	81.9%
Fair value of options issued	**$165,316**

Note 14 Employee expenses

Employee costs of $201,226 (2018: $169,040) are inclusive of fees, salaries, superannuation and other employee related expenses and are stated after an allocation to exploration costs of $435,737 (2018: $163,210).

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 16 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 2019 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 10th day of March 2020.

Gareth Solly
Managing Director

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF BLACK CAT SYNDICATE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Black Cat Syndicate Limited and its controlled entity (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of Black Cat Syndicate Limited 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 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*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Black Cat Syndicate Limited and its controlled entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual 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 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Black Cat Syndicate Limited and its controlled entity is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Crowe Perth

CROWE PERTH

CYRUS PATELL
Partner

Signed at Perth, 10 March 2020