



Quarterly Activities Report September 2021

HIGHLIGHTS

Balkan Lithium-Borate Assets

- Initial exploration programs commenced across BMM's portfolio of assets following with drilling contractor appointed in anticipation for the Company's inaugural drilling campaign¹
- Surface mapping completed at Rekovac in order to identify potential extensions to mineralisation and drill targets²
- Dobrinja and Pranjani surface sampling now well advanced with initial program at Dobrinja completed³
- The reconciliation and surface sampling program will be followed by a detailed mapping and gravity survey that will aid in the identification of drilling targets
- Drilling set to commence at Rekovac approx. 2.5km ESE from historical drill hole REK_002 where analcime components have been found at surface⁴

Corporate

- Successful completion of the Company's Initial Public Offering (**IPO**) in July raising A\$6,500,000⁵
- Agreement executed with Puro.earth for the identification of CO₂ Removal Certificates (CORCs) for the Company's Serbian projects and to kick start the market for Carbon Negative Borates and Lithium

Balkan Mining and Minerals Ltd (BMM or the Company) (ASX: BMM) is pleased to present the Company's quarterly activities report for the September 2021 quarter. The primary focus of the Company's activities over this period following completion of its ASX listing has been the rapid commencement of exploration activities at Rekovac, Dobrinja and Pranjani as well as finalising an agreement with Puro.earth for the identification of CO₂ Removal Certificates (**CORCs**) for its Serbian projects.

¹ ASX Announcement 02 Aug 2021 - Work Commences at the Rekovac Lithium-Borate Project &

ASX Announcement 11 Aug 2021 - BMM Advances Rekovac with Appointment of Drilling Contractor

² ASX Announcement 20 Aug 2021 - Surface Mapping at Rekovac Completed

³ ASX Announcement 20 Sep 2021 - Surface Sampling Commences at Dobrinja & Pranjani Projects, &

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

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

⁵ ASX Announcement 12 Jul 2021 - ASX Market Release - Admission and Quotation



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Serbian Lithium-Borate Assets

Rekovac Lithium-Borate Project (100%)

The field season at Rekovac commenced in August consisting of detailed LithoFacies mapping of the Rekovac license area, measuring magnetic susceptibility and bulk density over the length of the Rekovac diamond drill core (1,238m⁶) as well as geophysics including gravity and magnetic surveying.⁷

The mapping program was important in order to understand the lateral extensions that were previously identified, the permissive lacustrine boratiferous sequences and the closely demarcate areas with evaporate occurrences at surface. The program resulted in the identification of five dominating sedimentary formations.

In conjunction with the mapping program, the Company undertook the measurement of magnetic susceptibility and bulk density over the existing drill core.

The surface program was completed in late August⁸ with the site selected for drill hole REK_003 located approximately 2.5km ESE from REK_002 where analcime components had been found at surface. Presences of analcime within the lake sediments which indicate permissive depositional environments associated with active volcanism, create conditions for entrapment of volatile elements in concentrated waters.⁹ Site works and access for heavy vehicles and equipment to the drill location at REK_003 has been completed. The Company continues to fully engage with the local community regarding the Company's exploration programs with our Managing Director and senior management team currently in country.



Figure 1- Disseminated nodular analcime (left) and oxidized sulphide lenses (middle), and fine, disseminated sulphides replacing most likely soluble borate minerals - pseudomorphs

The Mapping program also identified prospective, intercalated, lacustrine sediments comprised chiefly of marlstone, claystone, and siltstone. The Company appointed a drilling contractor in August in preparation for drilling which is now set to commence.¹⁰

⁶ REK_001 600.1m & REK_002 638m; 2020.

⁷ ASX Announcement 02 Aug 2021 - Work Commences at the Rekovac Lithium-Borate Project

⁸ ASX Announcement 20 Aug 2021 - Surface Mapping at Rekovac Completed

⁹ ASX Announcement 11 Oct 2021 - Drilling to Commence at Rekovac Lithium-Borate Project

¹⁰ ASX Announcement 11 Aug 2021 - BMM Advances Rekovac with Appointment of Drilling Contractor

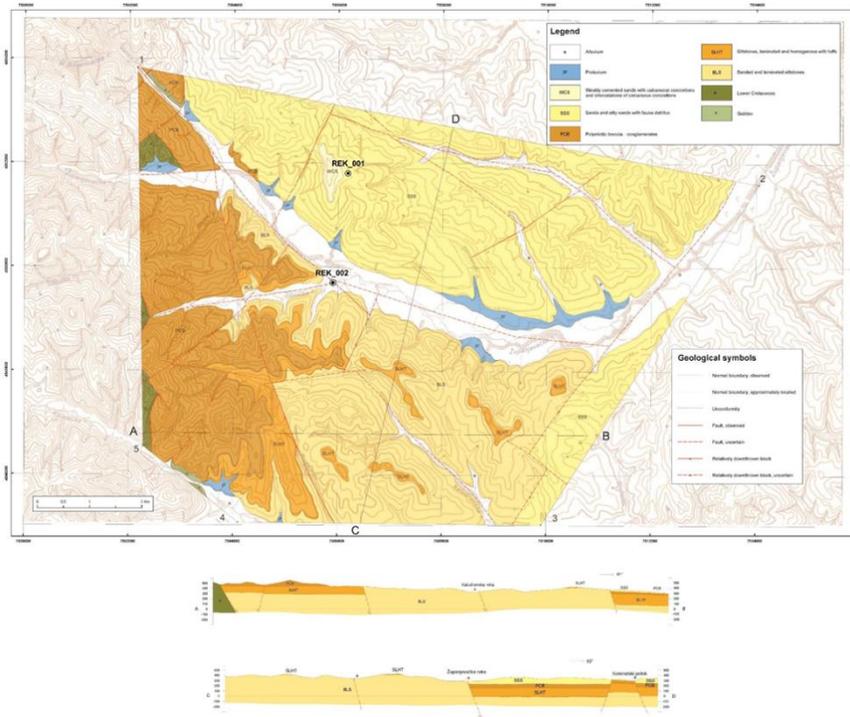


Figure 2 - Rekovac project geology map

Dobrinja and Pranjani Lithium-Borate Projects (100%)

Surface sampling programs begun at BMM's other Serbian assets in September 2021 with the initial program at Dobrinja finishing in October. Due to the increased activity at the Company's Rekovac project, it was decided to defer the Pranjani sampling program and to rather focus on the Company's flagship Rekovac project currently.¹¹

Due to the extensive amount of outcrops, surface sampling is a useful guide in identifying the presence of Neogene strata and will allow the inference of prospective sections.

The Company conducted an extensive surface prospecting and a permit wide sampling program at Dobrinja, 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 in order to identify prospective stratigraphy with elevated lithium and boron and to allow the inference of prospective sections.

The samples have been submitted to ALS Bor for sample preparation to be conducted and once completed, the samples will be dispatched to ALS Ireland and Vancouver for multi-element ICP analysis. The Company will release the results once received.

¹¹ ASX Announcement 20 Sep 2021 - Surface Sampling Commences at Dobrinja & Pranjani Projects, & ASX Announcement 06 Oct 2021 - Completion of Sampling at Dobrinja Lithium-Borate Project



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A gravity survey will follow on completion of the initial programs with the aim of defining basin geometry, relative thickness of the sedimentary sections and steep basement margins, which may suggest faults that serve as zones of migration for lithium boron mineral-bearing fluids.

The surface sampling results will be assessed with mapping information and the geophysical survey interpretation in order to prioritise drill targets.

The Company continues to actively review potential value accretive opportunities in the Balkans.

Corporate

Initial Public Offering

The Company completed its Initial Public Offering (**IPO**) in July 2021, successfully raising A\$6,500,000 via the issue of 32,500,000 shares.¹²

Puro.earth Agreement

A Marketplace Platform Agreement was executed with Puro.earth in September for the identification of CO₂ Removal Certificates (CORCs) for its projects in Serbia.

Puro.earth is the world's first B2B marketplace, standard and registry focused solely on carbon removal. Its mission is to mobilize the world's economy to reward carbon net-negative emissions. It does this by helping voluntary corporate buyers accelerate carbon dioxide removal at an industrial global scale.

Puro.earth identifies processes that remove CO₂ from the atmosphere, co-creates carbon removal methodologies with stringent requirements and verifies the operations. The online marketplace and registry focuses solely on carbon removal, aggregating verified carbon dioxide removal suppliers and bringing them together with buyers who purchase their verified carbon removal credits, CO₂ Removal Certificates (CORCs), which represent one tonne of carbon removed.

Aiming at climate and economic impact, Puro.earth is driving forward a market of carbon negative industries, enabling a new revenue stream to accelerate their growth. In July 2021, Nasdaq acquired a majority interest in Puro.earth.

Under the agreement, Puro.earth will seek to identify CORCs for the Company to purchase from 2024 onwards. In support of our joint goals, Puro.earth has undertaken to refrain from entering into a Marketplace Agreement with any other Lithium/Borate Company for the first year from signing of this Marketplace Agreement. Whilst the Company will initially look to purchase sufficient CORCs to offset its project and corporate emissions, the marketing agreement allows for BMM to acquire additional CORCs that it can then on-sell to other parties.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 September 2021 is submitted with this report.

The Group had a cash balance of \$5,065k as at 30 September 2021. Exploration expenditure during the quarter totalled \$41k.

¹² ASX Announcement 12 Jul 2021 - ASX Market Release - Admission and Quotation



Use of Funds

A comparison of the Company's actual expenditure since admission to the Official List of ASX to 30 September 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 30 Sept 21
Serbian project exploration	3,391,000	203,000
Project evaluation	500,000	40,000
Administration Costs	1,354,000	201,000
Repayment of Intercompany facility agreement	277,000	285,000
Expenses of the Public Offer	527,000	638,000
Working capital	451,000	70,000
Total	6,500,000	1,437,000

Use of funds variance explanations are outlined below:

- significant variances on operational expenditures are as a result of the Company being only listed for 2.5 months into the 2 year prospectus estimate;
- since estimating the balance of the Intercompany Facility, 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 September quarter approximately \$100k in payments were made to related parties and/or their associates as director's remuneration, company secretarial, accounting and consulting fees and superannuation.

The Company also repaid borrowings of \$437k from Jadar Resources Limited pursuant to the Intercompany Facility Agreement.

2021 Annual Report and AGM

The Company lodged its 2021 Annual Report for the period ended 30 June 2021 with the ASX on 29 September 2021 and will be holding its 2021 Annual General Meeting on 23 November 2021.

Capital Structure

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

- 45,800,000 Ordinary Shares on issue;
- 4,000,000 Unlisted Options on issue; and



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ASX ANNOUNCEMENT

29 October 2021

- 2,100,000 Performance Rights on Issue.

During the quarter,

- pursuant to the Company's IPO, the Company issued 35,000,000 shares, 3,500,000 options and 2,400,000 performance rights;
- in accordance with the terms of its Class A Performance Rights as outlined in the Company's Prospectus, a total of 800,000 Class A performance rights vested and were converted to ordinary shares on 2 September 2021.

The performance milestone for the Class A Performance Rights was achieving a volume weighted average price (VWAP) of the Company's Shares of at least \$0.60, calculated over 20 consecutive trading days (20 day VWAP).

These share remain subject to escrow provision until 14 July 2023.

- the company awarded the below incentive Options and Performance Rights to the Company's General Manager of Exploration, Mr Dejan Jovanovic under the terms of the Company's Performance Rights and Options Plan.
 - 250,000 unlisted Options with an exercise price of \$0.75, expiry date on 31 August 2023 and are subject to a vesting condition of one year of continued employment from the date the Options are issued;
 - 250,000 unlisted Options with an exercise price of \$1.00, expiry date on 31 August 2023 and are subject to a vesting condition of one year of continued employment from the date the Options are issued; and
 - 500,000 unlisted Performance Rights, which will vest upon a performance hurdle of the successful return of a "commercial lithium/borate" drilling intersection, on or before 31 August 2023.

A commercial drilling intersection is defined to be an ore grade and width discovery metric of 4 meters (a standard underground continuous mining width) of mineralisation in the form of either borate mineralisation containing +25% B₂O₃ or lithium – boron mineral containing +0.8% Li₂O and +12.5% B₂O₃. Satisfaction of the performance hurdle is to be determined by the Board.

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.

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ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements released during the September quarter on the ASX announcements platform.

- 11-Oct-21 Drilling to Commence at Rekovac Lithium-Borate Project
- 06-Oct-21 Completion of Sampling at Dobrinja Lithium-Borate Project
- 24-Sep-21 Marketplace Agreement Signed with Puro.earth
- 20-Sep-21 Surface Sampling Commences at Dobrinja & Pranjani Projects
- 20-Aug-21 Surface Mapping at Rekovac Completed
- 11-Aug-21 BMM Advances Rekovac with Appointment of Drilling Contractor
- 02-Aug-21 Work Commences at the Rekovac 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 3 - Balkan Mining and Minerals Project Locations



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ASX ANNOUNCEMENT

29 October 2021

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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, 20 August 2021, 20 September 2021, 6 October 2021 and 11 October 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.

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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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(94)	(94)
(e) administration and corporate costs	(286)	(286)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(8)	(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	(388)	(388)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(61)	(61)
(d) exploration & evaluation	(41)	(41)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(102)	(102)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,500	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)	(562)
3.5	Proceeds from borrowings	40	40
3.6	Repayment of borrowings	(430)	(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	5,548
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(388)	(388)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(102)	(102)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,548	5,548

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	6	6
4.6	Cash and cash equivalents at end of period	5,065	5,065

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	5,065	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)	5,065	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	100
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. 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.		

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(388)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(41)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(429)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,065
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,065
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	11
<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>	
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: 29 October 2021

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.