



**BLACK ROCK**  
MINING LIMITED

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

## CORPORATE DIRECTORY

### **Black Rock Mining Limited**

ABN: 59 094 551 336

#### **Directors**

Stephen Copulos  
*Chairman Non- Executive*

Steven Tambanis  
*Managing Director*

Gabriel Chiappini  
*Non-Executive Director*

#### **Company Secretary**

Gabriel Chiappini

#### **Principal Place of business and Registered Office**

Level 1, 35 Havelock Street,  
West Perth Western Australia, 6005

Telephone: (+61 8) 9320 7550  
Fax: (+61 8) 9320 7501

Website: [www.blackrockmining.com.au](http://www.blackrockmining.com.au)

#### **Auditor**

Deloitte Touche Tohmatsu  
Tower 2, Brookfield Place  
123 St Georges Terrace  
Perth Western Australia, 6000

Telephone: (08) 9365 7000  
Fax: (08) 9365 7001

#### **Share Registry**

Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace  
Perth Western Australia, 6000

Telephone: 1300 787 272  
Facsimile: (08) 9323 2033  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

#### **Stock Exchange Listing**

The Company's shares are quoted on the Australian Securities Exchange (ASX) The Home Exchange is Perth.

#### **ASX Codes**

BKT - ordinary shares

BKTOC - listed options

BKTOD - listed options

|                                                                               |    |
|-------------------------------------------------------------------------------|----|
| LETTER FROM THE CHAIRMAN                                                      | 02 |
| MANAGING DIRECTORS' REPORT                                                    | 03 |
| DIRECTORS' REPORT                                                             | 07 |
| AUDITOR'S INDEPENDENCE<br>DECLARATION                                         | 20 |
| CONSOLIDATED STATEMENT OF<br>PROFIT OR LOSS AND OTHER<br>COMPREHENSIVE INCOME | 21 |
| CONSOLIDATED STATEMENT OF<br>FINANCIAL POSITION                               | 22 |
| CONSOLIDATED STATEMENT OF<br>CHANGES IN EQUITY                                | 23 |
| CONSOLIDATED STATEMENT OF<br>CASH FLOWS                                       | 24 |
| NOTES TO THE CONSOLIDATED<br>FINANCIAL STATEMENTS                             | 25 |
| DIRECTORS' DECLARATION                                                        | 55 |
| INDEPENDENT AUDITOR'S REPORT                                                  | 56 |
| ADDITIONAL ASX INFORMATION                                                    | 58 |

**Dear Fellow Black Rock Mining Shareholders**

**In my second year as Chairman of Black Rock Mining, I am pleased to report that we have made significant progress and exceeded our primary objectives. At the beginning of last financial year, we set ourselves two goals: to enter the raw material supply chain for the lithium-ion battery market by finding a quality resource and to evaluate the potential for long-term graphite production. Black Rock Mining has achieved extraordinary success by discovering the largest and highest grade graphite resource in Tanzania and is currently working on completing technical and financial studies on a potential mine development.**

With the upsurge of investment into the electric vehicle and energy storage market, companies across the globe are increasingly participating into this clean and sustainable energy storage system. The lithium ion battery has been described as “the energy of the future”.

The Company has a clear strategy and together with a focused purpose, we were able to achieve the following material milestones over the course of the last year:

- Doubling of the Graphitic mineralisation footprint – July 2015
- Increase in Exploration Target to 84Mt - 115Mt – October 2015
- Equity raising of \$5m at a 50% premium to the prospectus raising – October 2015
- Divestment of non-core assets resulting in non-dilutive funding – November 2015
- Maiden JORC resource 131Mt at 7.9%. The largest and highest grade resource in Tanzania and 4th largest contained graphite resource in the World – February 2016
- Positive Scoping Study – March 2016
- Excellent sector leading metallurgical concentrate purities >99% TGC – June 2016, subsequently supported with outstanding expandable graphite test results in August 2016, then in September 2016 demonstrating that Battery grade spherical graphite can be made from Mahenge Concentrates
- Implementation of an intensive project assessment programme including the Pre Feasibility Study (‘PFS’), metallurgical studies, product assessment and graphite concentrate marketing

The Mahenge Project is a World Class graphite resource that can produce high purity graphite concentrates from a straightforward processing flowsheet. Extensive testing indicates that high value products can be manufactured from these Mahenge graphite concentrates. High grades, excellent metallurgical characteristics, and good mining geometry support indications that a low cost, long life mining operation is achievable. We look forward to the upcoming PFS and Definitive Feasibility Study (‘DFS’) to validate this.

We are also excited by the additional resource potential of the Cascades Prospect, currently being close-spaced drilled with results expected in Q4 2016. The PFS will be delivered this side of Christmas and the company’s DFS during the first half of 2017. A positive DFS will provide the confidence for the Company to seek and secure funding for the development of a graphite mine.

I am pleased to report that the market capitalisation of our Company has tripled since our ASX listing in March 2015 with our share pricing increasing from \$0.05 per share to an all-time trading high of \$0.215. Although we are unable to control the macro factors that influence the trading and commodity markets, the Board strives to ensure that it extracts maximum value for the funds invested by shareholders and with board members owning approximately 30% of the Company, our interests are strongly aligned with shareholders.

I would like to thank our Managing Director, Mr Steven Tambanis and his highly competent team who have executed the Board’s strategic plan, delivered a World-Class graphite resource. Steven and the team have worked tirelessly during the past 12 months, often in difficult and trying conditions. I would also like to extend my appreciation to fellow director, Mr Gabriel Chiappini in managing our Investor, Corporate, Financial and Compliance programmes.

Finally, I would like to thank you for your continued support as shareholders of Black Rock Mining and allowing us to build a focused graphite company that will provide “the energy of the future” for the benefit of all shareholders.

Yours sincerely

*Stephen Copulos*

**Stephen Copulos**

CHAIRMAN



# Managing Director's Report

## TENURE SUMMARY

| TENEMENT NAME                    | NUMBER        | AREA KM <sup>2</sup> |
|----------------------------------|---------------|----------------------|
| Mahenge North                    | PL 7802/2012  | 144.10               |
| Mahenge Southwest                | PL 10427/2014 | 208.67               |
| Mahenge Southeast                | PL 10426/2014 | 154.96               |
| Makonde                          | PL 10111/2014 | 24.83                |
| <b>Total Area km<sup>2</sup></b> |               | <b>532.56</b>        |



## MANAGING DIRECTOR'S REPORT

04

**The 12 months to 30 June 2016 were transformational for the Company with the announcement of the fourth largest JORC resource in the world in February 2016, a positive Scoping Study in March 2016 and then significant improvements in metallurgy to generate sector leading 99% TGC high purity graphite concentrates. Higher purity concentrates are expected to generate price premiums.**

The resource of 131.1Mt @7.9% TGC contains a higher grade portion of 37.6Mt @10.2% TGC and is expected to be upgraded twice more prior to the end of 2016, initially from the Ulanzi infill drill programme and then from the current Cascades drill programme, which offers potential for increased grades.

Investment in generating bulk quantities of graphite concentrates has returned excellent results with confirmation that our concentrates can make premium expandable and spherical graphite products. This is assisting our marketing programmes to generate offtake agreements.

On behalf of the Board, I would like to thank our technical teams for the significant contributions they have made to the Company this year. Their persistence and commitment to excellence have collectively advanced this project in a short but exciting 18 months from a grassroots exploration concept into a developing project with World Class potential.

## EXPLORATION ACTIVITIES - MAHENGE PROJECT

During the year the Company's exploration efforts were predominantly focused on the Mahenge Project; at Epanko North and two significant new discoveries, Ulanzi, and Cascades. Drilling at Ulanzi and Cascades confirmed large scale graphitic mineralisation at both localities. Exploration work was also conducted at Kituti and a small exploration programme was conducted at Bagamoyo.

A positive Scoping Study, announced in March 2016, led to the decision to commence a Pre Feasibility Study, which is expected to be released in November 2016.

The discovery of Ulanzi and Cascades in mid 2015 was a catalyst to commence drilling the well-defined Ulanzi structure and accelerate pit sampling and trenching at Cascades.

The 2015 drilling programme concluded in December, having completed 7,031m of RC and 2,491m of diamond core at the four prospects as tabled below:

### 2015 Calendar year drilling summary

| Prospect            | RC METRES   | DIAMOND METRES |
|---------------------|-------------|----------------|
| Epanko north        | 3420        | 1413           |
| Ulanzi              | 3212        | 836            |
| Kituti              |             | 243            |
| Cascades            | 399         |                |
| <b>Total metres</b> | <b>7031</b> | <b>2491</b>    |

The 2016 drilling season was focused on infill drilling the Ulanzi prospect to upgrade the resource classification to Measured and Indicated and to collect representative core samples for metallurgical testing. 3,000m of RC drilling was completed at Ulanzi to 30 June 2016.

### 2016 Drill programme to September – all prospects

| Prospect            | RC METRES   | DIAMOND METRES |
|---------------------|-------------|----------------|
| Ulanzi              | 2916        | 249            |
| Cascades            | 3442        | 604            |
| <b>Total metres</b> | <b>6358</b> | <b>853</b>     |



## METALLURGICAL TEST PROGRAMME SUCCESS

A substantial investment in metallurgical testing during 2016 resulted in the development of a straightforward four stage flotation process that consistently achieved 99% TGC concentrate purities. Of significance is that these high purity concentrates could be made from all portions of mineralised zones: oxide and fresh zones from Epanko north and Ulanzi. We believe that this is due to the uniform or consistent nature of mineralisation and this has potential to benefit mineral processing.

## MANAGING DIRECTOR'S REPORT

05

### ACTIVITIES SUBSEQUENT TO END OF FINANCIAL YEAR

#### Ulanzi

The Ulanzi infill programme was completed mid July to upgrade the Ulanzi resource to Measured and Indicated classification. Assay results had been received by late August and the upgraded resource is expected to be released by late September 2016.

#### Cascades

A planned 12 hole drill programme at Cascades in late July revealed that mineralisation was much wider than expected with zones up to 200m across strike, together with potential for coarser flake and higher grades.

Cascades is demonstrating potential to be a significant discovery. The drilling programme was extended with 36 holes drilled by early September with drilling continuing into October 2016. A preliminary Cascades resource is expected by November 2016. Diamond core and bulk samples have been collected for metallurgical testing.

#### Metallurgical test work

Additional testing of oxide and primary graphitic ore continued to return high purity concentrate grades. A 40kg sample of 99.2% TGC concentrate was sent to test facilities and end users for detailed evaluation.

Independent testing of concentrates returned highly positive results:

- In August 2016 an expandable graphite test programme achieved exceptionally high expansion volumes up to 580x
- In September 2016 initial spherical graphite testing confirmed that Mahenge graphite could make battery grade spherical product with 99.98% TGC spherical graphite produced from conventional milling, spheronisation and purification processing.

Metallurgical and product test work continues in Australia, Europe, Japan and USA to optimise processing flow sheets and provide detailed technical data for graphite end users.

#### Capital Raising

On 14 September 2016 the company raised A\$5.0m through a placement at A\$0.15c per share. Funds raised are for completion of the Cascades drill programme, and the acceleration of metallurgical and spherical graphite test programmes.

### COMMUNITY WORK

The Company has enjoyed working closely with the local community since commencing exploration activities at Mahenge. We employ local people to assist with exploration work and have made significant efforts to support education and local sport. In 2016 the local football league was sponsored.

### THE NEXT 12 MONTHS

The company is committed to building upon the success of the past year's activities.

The main objective over the next six months is to complete the Pre Feasibility Studies and then deliver the Definitive Feasibility Study in early 2017. The Mahenge Project has excellent attributes for a mine development and the and we have identified and engaged a multi discipline team to complete this assessment then commercialise the project.

Yours sincerely



**Stephen Tambanis**  
MANAGING DIRECTOR

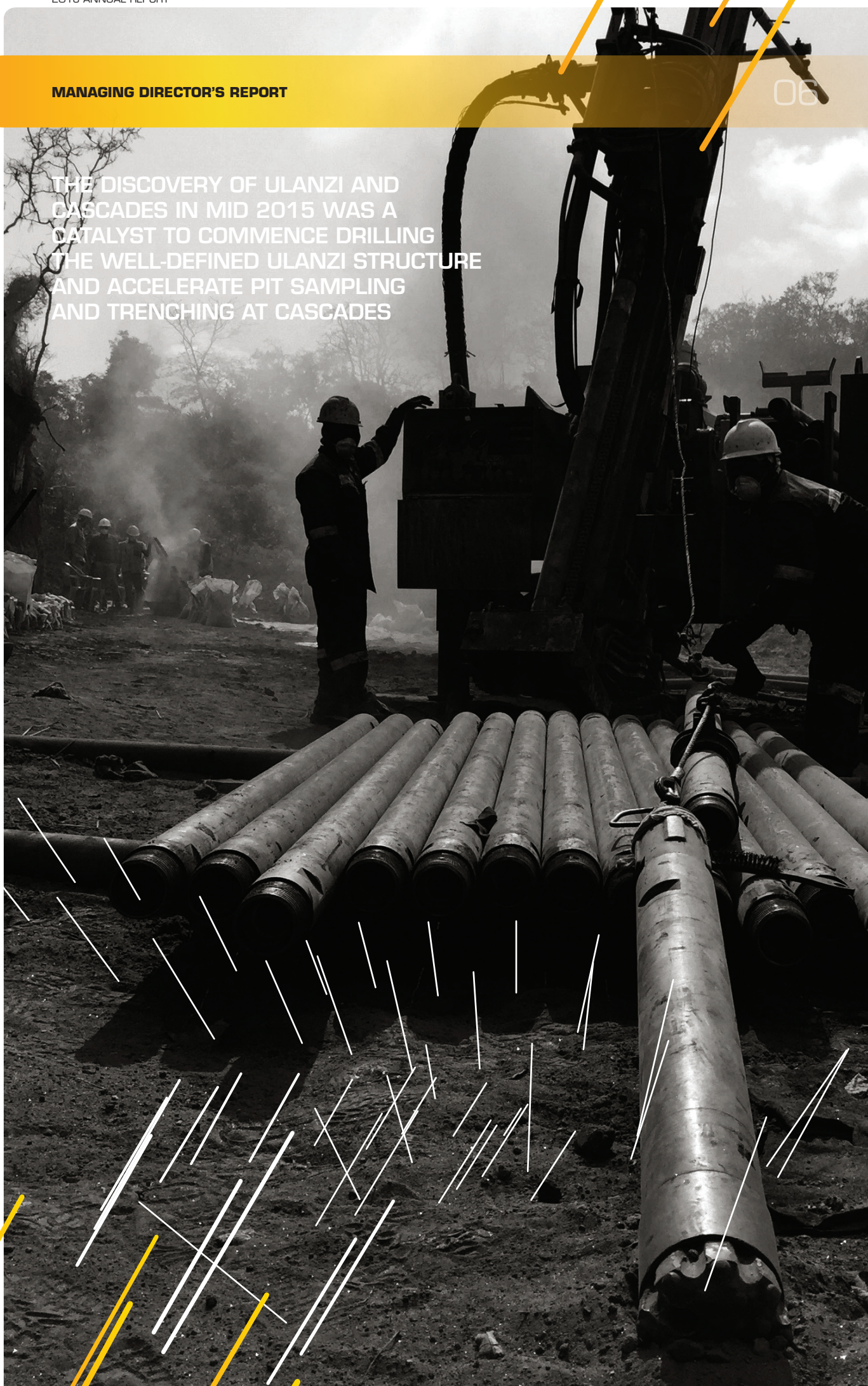




MANAGING DIRECTOR'S REPORT

06

THE DISCOVERY OF ULANZI AND  
CASCADES IN MID 2015 WAS A  
CATALYST TO COMMENCE DRILLING  
THE WELL-DEFINED ULANZI STRUCTURE  
AND ACCELERATE PIT SAMPLING  
AND TRENCHING AT CASCADES





## DIRECTORS' REPORT

07

The Directors of Black Rock Mining Limited ("Company" or "Black Rock Mining") submit herewith the annual report of the Company and its subsidiary entities for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### INFORMATION ABOUT THE DIRECTORS

The names and details of the Directors of Black Rock Mining Limited during the financial year are:

| Name                                                                       | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|---------------|----------------------------|------------|------------------|--------------------------------|--------------------------|---------------|--------------------------------------------------------------------------|-----------|----------------|----------------------------|------------|-------------|---------------------------|--|-----------------|
| <b>Stephen Copulos</b><br>(Chairman)                                       | <p>Mr Copulos is Black Rock Mining Non-Executive Chairman and is the Company's major shareholder and financial supporter. Mr Copulos has over thirty years' experience in a variety of businesses and investments across a wide range of industries including mining, manufacturing, property development, food and hospitality. He has been the Managing Director of the Copulos Group of companies, a private investment group, since 1997 and has extensive experience as a company director of both listed and unlisted public companies in Australia, the UK and USA.</p> <p>Mr Copulos held directorships with the following listed companies in the 3 years immediately prior to the date of this report.</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Date Resigned</th></tr><tr><td>Collins Foods Limited</td><td>April 2013</td><td>October 2014</td></tr><tr><td>Crusader Resources Limited</td><td>March 2013</td><td>Current</td></tr><tr><td>Consolidated Zinc Limited</td><td>June 2015</td><td>Current</td></tr><tr><td>Restaurant Brands Limited</td><td>April 2016</td><td>Current</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Name             | Date Appointed | Date Resigned | Collins Foods Limited      | April 2013 | October 2014     | Crusader Resources Limited     | March 2013               | Current       | Consolidated Zinc Limited                                                | June 2015 | Current        | Restaurant Brands Limited  | April 2016 | Current     |                           |  |                 |
| Name                                                                       | Date Appointed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Date Resigned    |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Collins Foods Limited                                                      | April 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | October 2014     |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Crusader Resources Limited                                                 | March 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Current          |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Consolidated Zinc Limited                                                  | June 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Current          |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Restaurant Brands Limited                                                  | April 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Current          |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| <b>Steven Tambanis</b><br>(Managing Director)                              | <p>Mr Tambanis is the Managing Director of Black Rock Mining, with his Executive position being effective from 1 January 2015. Mr Tambanis is a geologist and manager with extensive commercial and operation experience gained working with ASX listed mineral companies, including business development roles at WMC Resources and Goldminex Resources Limited where he held the position of Executive Director.</p> <p>He is on the Board of West Africa Gold Limited, an unlisted mineral exploration company. Over the past three years Mr Tambanis managed all aspects of that company's exploration activities, operations and administration, including the execution of a significant joint venture with ASX listed gold miner, Perseus Mining Limited (ASX: PRU).</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Date Resigned</th></tr><tr><td>West African Gold Limited</td><td>June 2011</td><td>Current</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Name             | Date Appointed | Date Resigned | West African Gold Limited  | June 2011  | Current          |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Name                                                                       | Date Appointed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Date Resigned    |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| West African Gold Limited                                                  | June 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Current          |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| <b>Gabriel Chiappini</b><br>(Non-Executive Director and Company Secretary) | <p>Mr Chiappini is a Chartered Accountant and member of the Australian Institute of Company Directors with over 20 years' experience in the commercial sector. Over the last 15 years' Gabriel has held positions of Director, Company Secretary and Chief Financial Officer in both public and private companies with operations in Australia, the United Kingdom and the United States. He has assisted a number of companies list on the ASX and been involved with equity and debt raisings exceeding AUD\$400 million. Gabriel has a sound understanding of the Australian Stock Exchange (ASX) Listing Rules and in-depth knowledge of the Corporations Act.</p> <p>Mr Chiappini currently managers his own consulting firm specialising in providing Director, company secretarial, corporate governance, compliance and investor relation services. He currently acts as a Director and Company Secretary for several companies listed on the ASX. Gabriel is currently Non-Executive Director of Interpose Holdings Limited, Fastbrick Robotics Limited, Scotgold Resources Limited and Global Geoscience Limited.</p> <p>Mr Chiappini held directorships with the following listed companies in the 3 year immediately prior to the date of this report.</p> <table><tr><th>Name</th><th>Date Appointed</th><th>Date Resigned</th></tr><tr><td>Fastbrick Robotics Limited</td><td>- Director</td><td>15 December 2011</td></tr><tr><td>(formally DMY Capital Limited)</td><td>- Non-Executive Chairman</td><td>21 March 2012</td></tr><tr><td>Interpose Holdings Limited<br/>(formerly known as Sunbird Energy Limited)</td><td></td><td>12 August 2015</td></tr><tr><td>Scotgold Resources Limited</td><td></td><td>27 May 2016</td></tr><tr><td>Global Geoscience Limited</td><td></td><td>3 November 2015</td></tr></table> | Name             | Date Appointed | Date Resigned | Fastbrick Robotics Limited | - Director | 15 December 2011 | (formally DMY Capital Limited) | - Non-Executive Chairman | 21 March 2012 | Interpose Holdings Limited<br>(formerly known as Sunbird Energy Limited) |           | 12 August 2015 | Scotgold Resources Limited |            | 27 May 2016 | Global Geoscience Limited |  | 3 November 2015 |
| Name                                                                       | Date Appointed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Date Resigned    |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Fastbrick Robotics Limited                                                 | - Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 15 December 2011 |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| (formally DMY Capital Limited)                                             | - Non-Executive Chairman                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 21 March 2012    |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Interpose Holdings Limited<br>(formerly known as Sunbird Energy Limited)   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 12 August 2015   |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Scotgold Resources Limited                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 27 May 2016      |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |
| Global Geoscience Limited                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3 November 2015  |                |               |                            |            |                  |                                |                          |               |                                                                          |           |                |                            |            |             |                           |  |                 |

The above named directors held office during the whole of the financial year and since the end of the financial year.



## PRINCIPAL ACTIVITIES

Black Rock Mining Limited is an Australian based Company listed on the Australian Securities Exchange. The Company owns graphite tenure in the Mahenge region, Tanzania, a Country that hosts world-class graphite mineralisation.

The Company announced a maiden JORC compliant resource of 131mt @ 7.9% TGC for 10.4m tonnes of contained Graphite in February 2016, making this one of the largest JORC resources Globally. A positive scoping study in March 2016 led into the current Pre Feasibility Study which is expected to be released during the December quarter, 2016. The Company intends to complete a Definitive Feasibility study in March/April 2017.

An infill drill programme for Ulanzi was completed in July 2016 to convert the majority of this resource into Measured and Indicated Classification. The updated JORC resource for Ulanzi is expected in late September 2016 and a JORC resource for Cascades is expected in November 2016. The Cascades infill drilling programme has been expanded to incorporate significantly wider mineralised zones, as reported to ASX on 11 August 2016. The in-fill programme is planned to conclude in October 2016, with results from the programme flowing shortly thereafter.

## REVIEW AND RESULTS OF OPERATIONS AND ACTIVITIES

### Results of Operations

The consolidated loss after accounting after tax for the year ended 30 June 2016 was \$1,349,305 (2015: \$995,121). During 2016, the Company focused its objectives into developing its graphite assets. Following the transformation into a graphite exploration company in FY15, the Company successfully achieved the following milestones on our Mahenge Project and corporate activities:

- Increase in the graphitic mineralisation footprint – announced July 2015
- Exploration Target of 84Mt to 115Mt – announced October 2015
- Equity raising of \$5m at a 50% premium to the March 2015 prospectus raising – announced October 2015
- Divestment of non core assets resulting in non dilutive funding
- Maiden JORC resource 131 million tonnes at 7.9% - announced February 2016
- Positive Scoping Study – announced March 2016
- Excellent sector leading metallurgical 99% TGC concentrate purity – announced June 2016.

### Corporate and Financial Position

Consolidated net assets at year-end were \$10,046,769 against \$6,240,669 at the close of the prior year. Total cash held at year-end was \$2,359,185 (2015: \$2,489,586).

### Exploration Activities

#### Tanzanian Graphite Assets

As announced to the ASX on 29 February 2016, Black Rock Mining confirmed its maiden JORC resource with the largest and highest grade graphite resource in Tanzania and the fourth largest globally. The global resource is 131.1Mt @ 7.9% TGC including 37.6Mt @ 10.2% TGC or 16.6Mt @ 11.1% TGC, with 40% of the resource tonnes are in the Indicated Resources Category.

| Prospect | CATEGORY         | TONNES<br>(MILLIONS) | TGC (%)    | CONTAINED TGC<br>(MILLION TONNES) |
|----------|------------------|----------------------|------------|-----------------------------------|
| Ulanzi   | Indicated        | 35.0                 | 8.3        | 2.9                               |
|          | Inferred         | 45.5                 | 8.7        | 4.0                               |
|          | <b>Sub-total</b> | <b>80.5</b>          | <b>8.5</b> | <b>6.9</b>                        |
| Epanko   | Indicated        | 17.6                 | 6.4        | 1.1                               |
|          | Inferred         | 20.8                 | 5.9        | 1.2                               |
|          | <b>Sub-total</b> | <b>38.4</b>          | <b>6.1</b> | <b>2.3</b>                        |
| Cascade  | Indicated        | -                    | -          | -                                 |
|          | Inferred         | 12.3                 | 9.5        | 1.2                               |
|          | <b>Sub-total</b> | <b>12.3</b>          | <b>9.5</b> | <b>1.2</b>                        |
| COMBINED | <b>INDICATED</b> | <b>52.5</b>          | <b>7.7</b> | <b>4.0</b>                        |
|          | <b>INFERRED</b>  | <b>78.6</b>          | <b>8.1</b> | <b>6.4</b>                        |
|          | <b>TOTAL</b>     | <b>131.1</b>         | <b>7.9</b> | <b>10.4</b>                       |

The Company is now focused on delivering additional high grade measured and indicated resource whilst finalising its feasibility studies and implementing its marketing programme to deliver offtake supply agreements for its graphite concentrate.

## DIRECTORS' REPORT

09

### DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

### CHANGES IN THE STATE OF AFFAIRS

Following on from the transition to a graphite resources company in FY15, the Company undertook an exploration programme at its lead resource prospects Epanko North, Cascades and Ulanzi. During FY16, the Company was able to achieve the following milestones, which has set the Company on its way to becoming a graphite producer:

- Maiden JORC resource of 131Mt @ 7.9%TGC
- Delivery of a positive scoping study
- Issue of 66,666,654 shares at \$0.075 per share to raise \$5m
- Excellent sector leading metallurgical 99% TGC concentrate purity

The Company is planning an infill drilling programme at its Cascades prospect which was recently expanded to incorporate significantly and wider mineralised zones. The Cascades in-fill programme is planned for October 2016, with results from the programme flowing shortly thereafter.

### SUBSEQUENT EVENTS

During August 2016, the Company announced that it had settled the final milestone payment on its Mahenge North Project. The final payment of \$250,000 was triggered following the Company's share price exceeding a daily volume weighted average price ("VWAP") of \$0.10 for 10 consecutive trading days. The payment was made to the vendor of Mahenge North Project who elected to receive cash of \$225,000 and shares worth \$25,000 at an issue price of \$0.10 each (250,000 ordinary shares).

In August 2016, the Company announced it had reached its final milestone in relation to Tranche C of the Performance Rights on issue when the Company's share price exceeded a daily VWAP of \$0.1275 for 10 consecutive trading days. The Performance Rights were converted to 3,899,996 ordinary shares in the Company.

On 26 August 2016, the Company announced that the divestment of the Ocean Hill permit to Eneabba Gas Limited ("Eneabba Gas") was completed. As a result of the sale of the permit the Company has been issued with 40 million Eneabba Gas shares and \$200,000 cash consideration, received on 31 August 2016. As part of this divestment and upon satisfaction by Eneabba Gas of the one last remaining condition precedent, the Company received 7,309,504 fully paid ordinary shares and 4,651,515 Class B Convertible Redeemable Preference shares in UIL Energy Limited on 20 September 2016. The 7,309,504 fully paid ordinary shares are held in voluntary escrow for a period of 6 months from issue.

In August 2016 the Company announced that option holders had converted 30,000 options of \$0.05 expiring 25 March 2017 and 833,332 options of \$0.075 expiring 30 November 2018 to 863,332 ordinary shares.

On 1 September 2016 the Company announced that options holders had converted 300,000 options of \$0.05 expiring 25 March 2017 and 33,333 options of \$0.075 expiring 30 November 2018 to 333,333 fully paid ordinary shares.

On 20 September 2016 the Company announced that it had finalised a share placement with a total of 33,333,333 shares issued at \$0.15 per share raising \$5m (before costs) with the shares placed to institutional and sophisticated investors. The board of directors have taken up an allocation of 1,500,000 shares totalling \$225,000 on the same terms and conditions, with the allocation subject to shareholder approval, expected to occur at the November 2016 Annual General Meeting.

On 23 September 2016 the Company announced that option holders had converted 500,000 options of \$0.075 expiring 30 November 2018 to 400,000 fully paid ordinary shares.

Other than the above, the Directors are not aware of any matter or circumstance that has significantly or may significantly affect the operation of the Company or the results of those operations, or the state of affairs of the Company in subsequent financial years.



## DIRECTORS' REPORT

10

### FUTURE DEVELOPMENTS

Black Rock Mining Limited is aiming to have its Mahenge Graphite assets in production at the earliest possible opportunity. This is contingent upon the Company continuing to develop its exploration assets and initiate supply agreements.

The Company owns graphite tenure in the Mahenge region, Tanzania, a Country that hosts world-class graphite mineralisation. The Company announced a maiden JORC compliant resource of 131mt @ 7.9% TGC for 10.4m tonnes of contained Graphite in February 2016, making this one of the largest JORC resources Globally. A positive scoping study in March 2016 led into the current Pre Feasibility Study which is expected to be released in November 2016. The Company intends to complete a Definitive Feasibility study by March 2017.

An infill drill programme was completed in July 2016 to convert the majority of this resource into Measured and Indicated Classification. The updated JORC resource for Ulanzi is expected in September 2016 and a JORC resource for Cascades is expected in November 2016.

Coupled with completion of the updated JORC resource and feasibility studies, the Company is also aiming to finalise a marketing campaign to initiate offtake supply agreements for its Mahenge concentrate.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The exploration activities of entities in the consolidated entity are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna.

Entities in the consolidated entity have complied with all environmental requirements up to the date of this report.

### SHARE OPTIONS

#### Share options granted to directors

During the year no share options were granted to the directors of the Company.

#### Share options on issue

The details of the options as at the date of this report are as follows:

|                                      | CLOSING BALANCE AT<br>DATE OF SIGNING |
|--------------------------------------|---------------------------------------|
| <b>Listed options</b>                |                                       |
| Expiring 25 March 2017 at \$0.05     | 39,815,000                            |
| Expiring 30 November 2018 at \$0.075 | 33,966,656                            |
|                                      | 73,781,656                            |
| <b>Unlisted options</b>              |                                       |
| Expiring 28 November 2016 at \$0.06  | 375,000                               |
| Expiring 19 January 2018 at \$0.20   | 3,300,003                             |
|                                      | 3,675,003                             |

Option holders do not have any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

## DIRECTORS' REPORT

11

### PERFORMANCE RIGHTS

#### Performance rights granted to directors

During and since the end of the financial year, 4,900,000 performance rights were granted to directors of the Company in November 2015.

| Director          | NO. OF PERFORMANCE RIGHTS GRANTED | ISSUING ENTITY    | NO. OF ORDINARY SHARES PER PERFORMANCE RIGHTS |
|-------------------|-----------------------------------|-------------------|-----------------------------------------------|
| Gabriel Chiappini | 1,475,000                         | Black Rock Mining | 1,475,000                                     |
| Stephen Copulos   | 1,475,000                         | Black Rock Mining | 1,475,000                                     |
| Steven Tambanis   | 1,950,000                         | Black Rock Mining | 1,950,000                                     |
|                   | 4,900,000                         |                   | 4,900,000                                     |

For full particulars of performance rights issued to directors as remuneration, refer to the Remuneration Report.

#### Performance rights on issue

As at the date of this report, no performance rights are on issue.

### INFORMATION ABOUT THE DIRECTORS

The following table sets out each Director's relevant interest in shares or options over shares of the Company as at the date of this report:

| Director                 | NUMBER OF ORDINARY SHARES | NUMBER OF OPTIONS GRANTED | GRANT DATE  | EXPIRY DATE | EXERCISE PRICE | PERFORMANCE RIGHTS |
|--------------------------|---------------------------|---------------------------|-------------|-------------|----------------|--------------------|
| <b>Gabriel Chiappini</b> | 4,433,333                 |                           |             |             |                | Nil                |
| - Unlisted Options       |                           | 75,000                    | 24 Jan 2013 | 28 Nov 2016 | \$0.06         |                    |
| - Listed Options         |                           | 250,000                   | 27 Mar 2015 | 25 Mar 2017 | \$0.05         |                    |
|                          |                           | 266,666                   | 9 May 2016  | 30 Nov 2018 | \$0.075        |                    |
| <b>Stephen Copulos</b>   | 73,530,170                |                           |             |             |                | Nil                |
| - Unlisted Options       |                           | 1,291,080                 | 28 Jul 2014 | 19 Jan 2018 | \$0.20         |                    |
| - Listed Options         |                           | 15,000,000                | 27 Mar 2015 | 25 Mar 2017 | \$0.05         |                    |
|                          |                           | 6,666,666                 | 9 May 2016  | 30 Nov 2018 | \$0.075        |                    |
| <b>Steven Tambanis</b>   | 9,086,315                 |                           |             |             |                | Nil                |
| - Listed Options         |                           | 1,000,000                 | 27 Mar 2015 | 25 Mar 2017 | \$0.05         |                    |
|                          |                           | 400,000                   | 9 May 2016  | 30 Nov 2018 | \$0.075        |                    |

### INDEMNIFICATION OF OFFICERS AND AUDITOR

The Company gave indemnity and held the following liability cover in place during the course of the financial year:

1. Agreements to indemnify Mr S Copulos (Non-Executive Chairman), Mr S Tambanis (Managing Director) and Mr G Chiappini (Non-Executive Director), in respect of any liabilities incurred by them while acting in the normal course of business as a director of the entity and to insure them against certain risks they are exposed to as directors of the Company.
2. Pursuant to the above the Company has paid premiums to insure the directors and executive management against liabilities incurred in the conduct of the business of the Company and has provided right of access to the Company records.
3. In accordance with common commercial practice, the insurance policy prohibits disclosure of the premium and the nature of the liability insured against.

The Company has not provided any insurance for an auditor of the Company.



## DIRECTORS' REPORT

12

### DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each Director (while they were director or committee member). During the financial year nine (9) Board meetings were held:

| Director          | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED |
|-------------------|---------------------------|-----------------|
| Gabriel Chiappini | 9                         | 9               |
| Stephen Copulos   | 9                         | 9               |
| Steven Tambanis   | 9                         | 9               |

### NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the previous year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included after this report.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

## REMUNERATION REPORT

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Black Rock Mining Limited's key management personnel for the financial year ended 30 June 2016. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- key terms of employment contracts

### Key management personnel

The Directors of the consolidated entity during or since the end of the financial year were:

|                   |                          |                           |
|-------------------|--------------------------|---------------------------|
| Stephen Copulos   | (Chairman Non-Executive) | Appointed 22 January 2015 |
| Steven Tambanis   | (Managing Director)      | Appointed 22 January 2015 |
| Gabriel Chiappini | (Non-Executive Director) | Appointed 21 March 2012   |
|                   | (Company Secretary)      | Appointed 12 July 2013    |

Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

### Remuneration policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for directors and the executive team. The Board assesses the appropriateness of the nature of the amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team and that each staff member's remuneration package properly reflects that person's duties and responsibilities.

The Board may, however, exercise its discretion in relation to approving incentive bonuses, options and performance rights.

## DIRECTORS' REPORT

14

## REMUNERATION REPORT (CONTINUED)

## Elements of director and executive remuneration

Remuneration packages contain the following key elements:

- Short term benefits – salaries / fees
- Annual leave benefits
- Post-employment benefits - superannuation
- Share based payments

No non-monetary short-term benefits, prescribed retirement benefits or other post-employment benefits were paid. The following table discloses the remuneration of the Directors and executives of the Company:

| 2016                | SHORT TERM<br>EMPLOYEE<br>BENEFITS -<br>SALARY AND FEES<br>\$ | OTHER (v) | POST<br>EMPLOYMENT<br>BENEFITS -<br>SUPERANNUATION<br>\$ | SHARE BASED<br>PAYMENT<br>\$ | TOTAL<br>\$ | % LINKED TO<br>PERFORMANCE |
|---------------------|---------------------------------------------------------------|-----------|----------------------------------------------------------|------------------------------|-------------|----------------------------|
| Stephen Copulos     | 100,000                                                       |           | -                                                        | 118,888                      | 218,888     | 54.3%                      |
| Steven Tambanis (i) | 237,500                                                       | 21,164    | 24,250                                                   | 195,279                      | 478,193     | 40.8%                      |
| Gabriel Chiappini   | 66,000                                                        |           | -                                                        | 118,888                      | 184,888     | 64.3%                      |
|                     | 403,500                                                       | 21,164    | 24,250                                                   | 433,055                      | 881,969     |                            |

| 2015                           | SHORT TERM<br>EMPLOYEE<br>BENEFITS -<br>SALARY AND FEES<br>\$ | OTHER (v) | POST<br>EMPLOYMENT<br>BENEFITS -<br>SUPERANNUATION<br>\$ | SHARE BASED<br>PAYMENT<br>\$ | TOTAL<br>\$ | % LINKED TO<br>PERFORMANCE |
|--------------------------------|---------------------------------------------------------------|-----------|----------------------------------------------------------|------------------------------|-------------|----------------------------|
| Stephen Copulos                | 41,667                                                        |           | -                                                        | 9,566                        | 51,233      | 18.7%                      |
| Steven Tambanis (i)            | 100,000                                                       | 7,696     | 9,500                                                    | 19,134                       | 136,330     | 14.0%                      |
| Gabriel Chiappini (ii)         | 112,350                                                       |           | -                                                        | 9,566                        | 121,916     | 7.8%                       |
| Richard Beresford (iii)        | 28,560                                                        |           | -                                                        | -                            | 28,560      | 0%                         |
| Barnaby Egerton-Warburton (iv) | 18,384                                                        |           | 1,745                                                    | -                            | 20,129      | 0%                         |
|                                | 300,961                                                       | 7,696     | 11,245                                                   | 38,266                       | 358,168     |                            |

- (i) During October 2015 a new employment contract was signed for Mr Tambanis with an annual salary increase to \$250,000 per annum (2015: \$200,000) plus 10% superannuation (2015: 10%).
- (ii) During the year ended 30 June 2015, Mr Chiappini took on an executive role for approximately 9 months to manage and lead the acquisition of the Graphite Portfolio, finalise the acquisitions, extension of vendor agreements through to 31 March 2015, management of the divestment of the Company's non-core assets and management of prospectus to raise \$3,500,000. Additional work also included successful ASX re-compliance as a graphite resources company and re-listing on the ASX on 31 March 2015.
- (iii) Mr Richard Beresford resigned as director of the Company 15 April 2015.
- (iv) Mr Barnaby Egerton-Warburton resigned as director of the Company 22 January 2015.
- (v) Other relates to accrual of annual leave benefits.



## REMUNERATION REPORT (CONTINUED)

### Key Terms of Employment Contracts

The Directors and executive are employed under contracts, which have no fixed term.

The contract binding the Chairman may be terminated by the individual or the Board by giving three months' notice in writing to terminate the Consultancy Agreement under which his services are contracted.

The contract binding the Managing Director may be terminated by the individual or the Board by giving six months' notice in writing to terminate the Employment Agreement under which his services are contracted.

The Non-Executive Director is bound by contract. The contract of the Non-Executive Director may be terminated at any time by him by notice in writing or by shareholders acting by majority vote.

### Share based payments arrangements

#### Options

There were no options issued during the year, affecting key management personnel remuneration.

The aggregate number of options lapsed during the financial year, in relation to options granted as remuneration to key management personnel:

|                   | GRANT DATE   | EXPIRY DATE  | NO. OF OPTIONS |
|-------------------|--------------|--------------|----------------|
| Gabriel Chiappini | 11 June 2012 | 11 June 2016 | 100,000        |

- The total value of options granted, exercised and lapsed during the year is calculated based on the following:
  - Fair value of the option at grant date multiplied by the number of options granted during the year:
  - Fair value of the option at the time of exercise multiplied by the number of options exercised during the year:
  - Fair value of the option at the time of lapse multiplied by the number of options lapsed or cancelled during the year
- The total value of options included in remuneration for the year is calculated in accordance with AASB 2 Share Based Payments which requires the following:
  - The value of options is determined at grant date and is included in remuneration on a proportionate basis from grant date to vesting date. Where options immediately vest, the full value of the option is recognised in remuneration in the current year.
- There are no further service or performance criteria that need to be met in relation to options granted.

The Board as a whole periodically assesses its current levels of remuneration relative to Company performance, future projections/prospects and funding. The Board adjusts remuneration as necessary taking account of its projections and the constraints by which it is bound.

## DIRECTORS' REPORT

16

## REMUNERATION REPORT (CONTINUED)

## Performance rights

## Performance rights issued to directors in the Financial Year 2016:

The aggregate number of performance rights issued during the year and held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

| Directors         | NUMBER OF<br>PERFORMANCE<br>RIGHTS | VALUE OF<br>PERFORMANCE<br>RIGHTS -<br>TRANCHE A & B | VALUE OF<br>PERFORMANCE<br>RIGHTS -<br>TRANCHE C | TRANCHE A<br>PERFORMANCE<br>RIGHTS | TRANCHE B<br>PERFORMANCE<br>RIGHTS | TRANCHE C<br>PERFORMANCE<br>RIGHTS |
|-------------------|------------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Stephen Copulos   | 1,475,000                          | \$59,000                                             | \$19,470                                         | 491,667                            | 491,667                            | 491,666                            |
| Steven Tambanis   | 1,950,000                          | \$78,000                                             | \$25,740                                         | 650,000                            | 650,000                            | 650,000                            |
| Gabriel Chiappini | 1,475,000                          | \$59,000                                             | \$19,470                                         | 491,667                            | 491,667                            | 491,666                            |

| PERFORMANCE RIGHTS | GRANT DATE       | EXPIRY DATE      | FAIR VALUE AT<br>GRANT DATE | EXERCISE PRICE |
|--------------------|------------------|------------------|-----------------------------|----------------|
| Tranche A          | 30 November 2015 | 31 December 2018 | \$0.060                     | Nil            |
| Tranche B          | 30 November 2015 | 31 December 2018 | \$0.060                     | Nil            |
| Tranche C          | 30 November 2015 | 31 December 2018 | \$0.0396                    | Nil            |

The Performance Rights will vest upon satisfaction of the following milestones:

- (i) Tranche A : The Company announces a JORC Code compliant resource of not less than 3,000,000 tonnes of contained graphite at 8% or more total graphite from its Graphite Projects;
- (ii) Tranche B : The Company announces a JORC compliant resource of greater than 4,000,000 tonnes of contained graphite at 8% or more total graphite contents from its Graphite Projects; and
- (iii) Tranche C : From the date of receipt of the Performance Rights, the Company's 10 day VWAP is equal to or greater than \$0.1275 for a period of 10 consecutive trading days.

In February 2016, the Company announced its maiden JORC resource, which has triggered the satisfaction of vesting milestones for Tranches A and B of these performance rights (see below).

|           | OPENING<br>BALANCE | GRANTED<br>IN PERIOD | CONVERTED<br>IN PERIOD | EXPIRED<br>IN PERIOD | CLOSING<br>BALANCE | NO. OF<br>ORDINARY<br>SHARES<br>ISSUED | AMOUNT<br>PAID | VALUE OF<br>SHARES<br>ISSUED |
|-----------|--------------------|----------------------|------------------------|----------------------|--------------------|----------------------------------------|----------------|------------------------------|
| Tranche A | -                  | 1,633,334            | (1,633,334)            | -                    | -                  | 1,633,334                              | Nil            | \$88,200                     |
| Tranche B | -                  | 1,633,333            | (1,633,333)            | -                    | -                  | 1,633,333                              | Nil            | \$88,200                     |
| Tranche C | -                  | 1,633,333            | -                      | -                    | 1,633,333          | -                                      | -              | -                            |
|           | -                  | 4,900,000            | (3,266,667)            | -                    | 1,633,333          | 3,266,667                              | Nil            | \$176,400                    |

In addition during August 2016, the Company vested the remaining Tranche C performance rights following achievement of the 10 day VWAP milestone. Please refer to the subsequent event note.

## DIRECTORS' REPORT

17

## REMUNERATION REPORT (CONTINUED)

## Share based payments arrangements (CONTINUED)

## Performance rights (CONTINUED)

## Performance rights issued to directors in the Financial Year 2015:

The aggregate number of performance rights on issue from prior reporting periods and held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

| Directors         | NUMBER OF<br>PERFORMANCE<br>RIGHTS | VALUE OF<br>PERFORMANCE<br>RIGHTS -<br>TRANCHE A & B | VALUE OF<br>PERFORMANCE<br>RIGHTS -<br>TRANCHE C | TRANCHE A<br>PERFORMANCE<br>RIGHTS | TRANCHE B<br>PERFORMANCE<br>RIGHTS | TRANCHE C<br>PERFORMANCE<br>RIGHTS |
|-------------------|------------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Stephen Copulos   | 1,675,000                          | \$55,833                                             | \$21,217                                         | 558,334                            | 558,333                            | 558,333                            |
| Steven Tambanis   | 3,350,000                          | \$111,667                                            | \$42,433                                         | 1,116,667                          | 1,116,667                          | 1,116,666                          |
| Gabriel Chiappini | 1,675,000                          | \$55,833                                             | \$21,217                                         | 558,334                            | 558,333                            | 558,333                            |

| PERFORMANCE RIGHT | GRANT DATE       | EXPIRY DATE      | FAIR VALUE AT<br>GRANT DATE | EXERCISE PRICE |
|-------------------|------------------|------------------|-----------------------------|----------------|
| Tranche A         | 19 February 2015 | 31 December 2017 | \$0.050                     | Nil            |
| Tranche B         | 19 February 2015 | 31 December 2017 | \$0.050                     | Nil            |
| Tranche C         | 19 February 2015 | 31 December 2017 | \$0.038                     | Nil            |

The Performance Rights will vest upon satisfaction of the following milestones:

- (i) Tranche A : The Company announces a JORC Code compliant resource of not less than 1,000,000 tonnes of contained graphite at 9% or more total graphite content from the Mahenge Projects;
- (ii) Tranche B : The Company announces a JORC compliant resource of greater than 2,000,000 tonnes of contained graphite at 9% or more graphite content from the Mahenge Projects; and
- (iii) Tranche C : From the date of receipt of the Performance Rights, the Company's 10 day VWAP is equal to or greater than \$0.0875 for a period of 10 consecutive trading days.

In February 2016, the Company announced its maiden JORC resource, which has triggered the satisfaction of the vesting milestones of Tranches A and B of these performance rights (see below).

|           | OPENING<br>BALANCE | GRANTED<br>IN PERIOD | CONVERTED<br>IN PERIOD | EXPIRED<br>IN PERIOD | CLOSING<br>BALANCE | NO. OF<br>ORDINARY<br>SHARES<br>ISSUED | AMOUNT<br>PAID | VALUE OF<br>SHARES<br>ISSUED |
|-----------|--------------------|----------------------|------------------------|----------------------|--------------------|----------------------------------------|----------------|------------------------------|
| Tranche A | 2,233,333          | -                    | (2,233,333)            | -                    | -                  | 2,233,333                              | \$Nil          | \$120,600                    |
| Tranche B | 2,233,334          | -                    | (2,233,334)            | -                    | -                  | 2,233,334                              | \$Nil          | \$120,600                    |
| Tranche C | 2,233,333          | -                    | -                      | -                    | 2,233,333          | -                                      | -              | -                            |
|           | 6,700,000          | -                    | (4,466,667)            | -                    | 2,233,333          | 4,466,667                              | \$Nil          | \$241,200                    |

In addition during August 2016, the Company vested the remaining Tranche C performance rights following achievement of the 10 day VWAP milestone. This has been disclosed as a subsequent event.

## Other Financial Transactions with Key Management Personnel

During the financial year the following amounts were paid to Key Management Personnel for services in addition to those shown elsewhere in this note:

| Director          | VALUE \$ | DESCRIPTION                                                                                                                                                                                                                                                                                  |
|-------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gabriel Chiappini | \$84,000 | Payments to Laurus Corporate Services for financial services provided during the reporting period includes but not limited to management of the Company's back office, accounting and finance function, investor relations, compliance & corporate governance and ASX and ASIC requirements. |



## DIRECTORS' REPORT

18

### RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND REMUNERATION POLICY

Remunerations levels are not dependent upon any performance criteria as the nature of the consolidated entity's operations is exploration and they are not generating profit.

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the 5 years to 30 June 2016:

|                              | 2016        | 2015      | 2014        | 2013        | 2012         |
|------------------------------|-------------|-----------|-------------|-------------|--------------|
| Revenue (\$'s)               | 11,602      | 80,616    | 29,681      | 33,539      | 72,263       |
| Net loss before tax (\$'s)   | (1,349,305) | (995,121) | (2,428,562) | (6,060,248) | (10,282,213) |
| Net loss after tax (\$'s)    | (1,349,305) | (995,121) | (2,428,562) | (5,970,061) | (9,936,493)  |
| Share Price at start of year | \$0.028     | \$0.02    | \$0.02      | \$0.04      | \$0.03       |
| Share Price at year end      | \$0.066     | \$0.03    | \$0.02      | \$0.02      | \$0.04       |
| Loss per share               | \$0.005     | \$0.007   | \$0.026     | \$0.060     | \$0.200      |

All share price and loss per share disclosures for 2014 – 2012 above are calculated following the 20-for-1-share consolidation during 2015.

### Movement in shares

The aggregate number of shares of the Company held directly, indirectly or beneficially by Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

#### Ordinary Shares

| 2016              | 1 JULY 2015 | PURCHASES  | RECEIVED<br>ON EXERCISE<br>OF OPTIONS/<br>PERFORMANCE<br>RIGHTS | SALES | OTHER<br>CHANGES | 30 JUNE 2016 |
|-------------------|-------------|------------|-----------------------------------------------------------------|-------|------------------|--------------|
| Stephen Copulos   | 50,046,838  | 19,333,332 | 2,100,002                                                       | -     | -                | 71,480,172   |
| Steven Tambanis   | 2,000,000   | 1,686,315  | 3,533,334                                                       | -     | -                | 7,219,649    |
| Gabriel Chiappini | 650,000     | 633,333    | 2,100,002                                                       | -     | -                | 3,383,335    |

### Movement in unlisted options

The aggregate numbers of unlisted options of the Company held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

| 2016              | 1 JULY 2015 | OPTIONS<br>GRANTED FREE<br>ATTACHING | OPTIONS<br>GRANTED AS<br>REMUNERATION | OPTIONS<br>LAPSED | OTHER<br>CHANGES | 30 JUNE 2016 | VESTED AND<br>EXERCISABLE AT<br>30 JUNE 2016 | VESTED DURING<br>THE YEAR |
|-------------------|-------------|--------------------------------------|---------------------------------------|-------------------|------------------|--------------|----------------------------------------------|---------------------------|
| Stephen Copulos   | 1,291,080   | -                                    | -                                     | -                 | -                | 1,291,080    | 1,291,080                                    | -                         |
| Steven Tambanis   | -           | -                                    | -                                     | -                 | -                | -            | -                                            | -                         |
| Gabriel Chiappini | 175,000     | -                                    | -                                     | (100,000)         | -                | 75,000       | 75,000                                       | -                         |

### Movement in listed options

The aggregate number of listed options of the Company held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

| 2016              | 1 JULY 2015 | OPTIONS<br>GRANTED FREE<br>ATTACHING | OPTIONS<br>EXERCISED | SALES | OTHER<br>CHANGES | 30 JUNE 2016 |
|-------------------|-------------|--------------------------------------|----------------------|-------|------------------|--------------|
| Stephen Copulos   | 15,000,000  | 6,666,666                            | -                    | -     | -                | 21,666,666   |
| Steven Tambanis   | 1,000,000   | 400,000                              | -                    | -     | -                | 1,400,000    |
| Gabriel Chiappini | 250,000     | 266,666                              | -                    | -     | -                | 516,666      |

## RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND REMUNERATION POLICY (CONTINUED)

### Movement in performance rights

The aggregate number performance rights of the Company held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

| 2016              | 1 JULY 2015 | PERFORMANCE<br>RIGHTS<br>GRANTED | PERFORMANCE<br>RIGHTS<br>EXERCISED | OTHER CHANGES | 30 JUNE 2016 |
|-------------------|-------------|----------------------------------|------------------------------------|---------------|--------------|
| Stephen Copulos   | 1,675,000   | 1,475,000                        | (2,100,002)                        | -             | 1,049,998    |
| Steven Tambanis   | 3,350,000   | 1,950,000                        | (3,533,334)                        | -             | 1,766,666    |
| Gabriel Chiappini | 1,675,000   | 1,475,000                        | (2,100,002)                        | -             | 1,049,998    |

### END OF REMUNERATION REPORT

The director's report is signed in accordance with a resolution of directors made pursuant to s. 298(2) of the Corporations Act 2001.

On behalf of the Directors.



**Stephen Tambanis**  
DIRECTOR

Perth, 29 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

20



Deloitte Touche Tohmatsu  
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29 September 2016

The Board of Directors  
Black Rock Mining Limited  
Level 1, 35 Havelock Street  
WEST PERTH WA 6005

Dear Board Members

**Black Rock Mining Limited**

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 Rock Mining Limited.

As lead audit partner for the audit of the financial statements of Black Rock Mining Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Deloitte Touche Tohmatsu".

**DELOITTE TOUCHE TOHMATSU**

A handwritten signature in blue ink, appearing to read "Ian Skelton".

**Ian Skelton**  
Partner  
Chartered Accountants



**CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2016

21

|                                                                                                     | NOTE | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|-----------------------------------------------------------------------------------------------------|------|-------------------------------------------|-------------------------------------------|
| <b>Continuing operations</b>                                                                        |      |                                           |                                           |
| Interest income                                                                                     |      | 11,602                                    | 80,616                                    |
| Administration expenses                                                                             |      | (536,278)                                 | (122,809)                                 |
| Employee benefit expense                                                                            |      | (178,959)                                 | (312,206)                                 |
| Consulting expense                                                                                  |      | (458,488)                                 | (537,177)                                 |
| Depreciation and amortisation expense                                                               |      | -                                         | (1,708)                                   |
| Net Foreign currency exchange differences                                                           |      | 15,703                                    | 32,091                                    |
| Exploration expenditure                                                                             |      | -                                         | (51,293)                                  |
| Other expenses from ordinary activities                                                             |      | (160,947)                                 | (42,038)                                  |
| Impairment of property, plant and equipment                                                         |      | -                                         | (1,818)                                   |
| Deferred exploration written off                                                                    |      | (274,816)                                 | -                                         |
| <b>Loss before tax</b>                                                                              |      | <b>(1,582,183)</b>                        | <b>(956,342)</b>                          |
| Income tax benefit                                                                                  | 5    | -                                         | -                                         |
| Loss for the year from continuing operations                                                        |      | <b>(1,582,183)</b>                        | <b>(956,342)</b>                          |
| <b>Discontinued operations</b>                                                                      |      |                                           |                                           |
| Profit for the year from discontinued operations                                                    | 6    | 232,878                                   | (38,779)                                  |
| <b>LOSS FOR THE YEAR</b>                                                                            |      | <b>(1,349,305)</b>                        | <b>(995,121)</b>                          |
| <b>Other comprehensive income, net of income tax</b>                                                |      |                                           |                                           |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                               |      |                                           |                                           |
| Foreign currency translation differences for foreign operations                                     |      | (100,623)                                 | 406                                       |
| Income tax on other comprehensive income                                                            | 5    | -                                         | -                                         |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED</b> |      | <b>(1,449,928)</b>                        | <b>(994,715)</b>                          |
| Loss for the year attributable to owners of the Company                                             |      | <b>(1,349,305)</b>                        | <b>(995,121)</b>                          |
| Total comprehensive income attributable to the owners of the Company                                |      | <b>(1,449,928)</b>                        | <b>(994,715)</b>                          |
| <b>Loss per share</b>                                                                               |      |                                           |                                           |
| From continuing and discontinuing operations                                                        |      |                                           |                                           |
| Basic and diluted loss per share                                                                    | 21   | <b>(\$0.0055)</b>                         | <b>(\$0.0075)</b>                         |
| From continuing operations                                                                          |      |                                           |                                           |
| Basic and diluted loss per share                                                                    | 21   | <b>(\$0.0064)</b>                         | <b>(\$0.0072)</b>                         |

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 30 JUNE 2016

22

|                                    | NOTE | AS AT<br>30/06/2016<br>\$ | AS AT<br>30/06/2015<br>\$ |
|------------------------------------|------|---------------------------|---------------------------|
| <b>Assets</b>                      |      |                           |                           |
| <b>Current assets</b>              |      |                           |                           |
| Cash and bank balances             | 8    | 2,359,185                 | 2,489,586                 |
| Trade and other receivables        |      | 24,628                    | 80,027                    |
|                                    |      | <b>2,383,813</b>          | 2,569,613                 |
| Assets classified as held for sale | 7    | 428,462                   | 412,383                   |
| Total current assets               |      | <b>2,812,275</b>          | 2,981,996                 |
| <b>Non-current assets</b>          |      |                           |                           |
| Exploration & evaluation asset     | 10   | 7,639,211                 | 3,404,600                 |
| Property, plant and equipment      |      | 3,887                     | -                         |
| Other financial assets             | 11   | 105,300                   | 105,300                   |
| Total non-current assets           |      | <b>7,748,398</b>          | 3,509,900                 |
| <b>Total assets</b>                |      | <b>10,560,673</b>         | 6,491,896                 |
| <b>Liabilities</b>                 |      |                           |                           |
| <b>Current liabilities</b>         |      |                           |                           |
| Trade and other payables           | 12   | 485,043                   | 243,531                   |
| Provisions                         |      | 28,861                    | 7,696                     |
| Total current liabilities          |      | <b>513,904</b>            | 251,227                   |
| <b>Total liabilities</b>           |      | <b>513,904</b>            | 251,227                   |
| <b>Net assets</b>                  |      | <b>10,046,769</b>         | 6,240,669                 |
| <b>Equity</b>                      |      |                           |                           |
| Issued capital                     | 13   | 40,253,116                | 36,274,617                |
| Reserves                           | 14   | 1,966,504                 | 812,358                   |
| Accumulated losses                 | 15   | (32,172,851)              | (30,846,306)              |
| <b>Total equity</b>                |      | <b>10,046,769</b>         | 6,240,669                 |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

23

|                                                             | NOTE           | ISSUED CAPITAL | ACCUMULATED<br>LOSSES | SHARE BASED<br>PAYMENT<br>RESERVE | FOREIGN<br>CURRENCY<br>RESERVE | TOTAL<br>EQUITY    |
|-------------------------------------------------------------|----------------|----------------|-----------------------|-----------------------------------|--------------------------------|--------------------|
|                                                             |                | \$             | \$                    | \$                                | \$                             | \$                 |
| <b>Balance as at 1 July 2014</b>                            |                | 31,311,043     | (30,970,308)          | 1,306,591                         | (59,063)                       | <b>1,588,263</b>   |
| Loss for the year                                           |                | -              | (995,121)             | -                                 | -                              | <b>(995,121)</b>   |
| Other comprehensive income<br>for the year, net of tax      |                | -              | -                     | -                                 | 406                            | <b>406</b>         |
| <b>Total comprehensive income<br/>for the year</b>          |                | -              | (995,121)             | -                                 | 406                            | <b>(994,715)</b>   |
| Issue of ordinary shares                                    |                | 5,987,628      | -                     | -                                 | -                              | <b>5,987,628</b>   |
| Reallocation of option reserve<br>of free attaching options |                | (645,281)      | -                     | 645,281                           | -                              | -                  |
| Cost of share capital issued                                |                | (378,773)      | -                     | -                                 | -                              | <b>(378,773)</b>   |
| Options expired during the year                             |                | -              | 1,119,123             | (1,119,123)                       | -                              | -                  |
| Cost of share based payment                                 |                | -              | -                     | 38,266                            | -                              | <b>38,266</b>      |
|                                                             | 13<br>14<br>15 |                |                       |                                   |                                |                    |
| <b>Balance at 30 June 2015</b>                              |                | 36,274,617     | (30,846,306)          | 871,015                           | (58,657)                       | <b>6,240,669</b>   |
| Loss for the year                                           |                | -              | (1,349,305)           | -                                 | -                              | <b>(1,349,305)</b> |
| Other comprehensive income<br>for the year, net of tax      |                | -              | -                     | -                                 | (100,623)                      | <b>(100,623)</b>   |
| <b>Total comprehensive income<br/>for the year</b>          |                | -              | (1,349,305)           | -                                 | (100,623)                      | <b>(1,449,928)</b> |
| Issue of ordinary shares                                    |                | 5,212,317      | -                     | -                                 | -                              | <b>5,212,317</b>   |
| Reallocation of option reserve<br>of free attaching options |                | (1,198,592)    | -                     | 1,198,592                         | -                              | -                  |
| Share based payment relating<br>to capital raising costs    |                | (68,790)       | -                     | 68,790                            | -                              | -                  |
| Cost of share capital issued                                |                | (387,636)      | -                     | -                                 | -                              | <b>(387,636)</b>   |
| Issue of shares following vesting<br>of performance rights  |                | 421,200        | -                     | (421,200)                         | -                              | -                  |
| Options expired during the year                             |                | -              | 22,760                | (22,760)                          | -                              | -                  |
| Cost of share based payment                                 |                | -              | -                     | 431,347                           | -                              | <b>431,347</b>     |
|                                                             | 13<br>14<br>15 |                |                       |                                   |                                |                    |
| <b>Balance at 30 June 2016</b>                              |                | 40,253,116     | (32,172,851)          | 2,125,784                         | (159,280)                      | <b>10,046,769</b>  |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

24

|                                                         | NOTE | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|---------------------------------------------------------|------|-------------------------------------------|-------------------------------------------|
| <b>Cash flow from operating activities</b>              |      |                                           |                                           |
| Payments to suppliers and employees                     |      | (879,491)                                 | (1,019,776)                               |
| Exploration expenditure                                 |      | -                                         | (75,005)                                  |
| Net cash flows used in operating activities             | 8    | (879,491)                                 | (1,094,781)                               |
| <b>Cash flow from investing activities</b>              |      |                                           |                                           |
| Exploration expenditure                                 |      | (4,017,515)                               | (2,075,394)                               |
| Interest received                                       |      | 11,602                                    | 80,873                                    |
| Payments for property, plant and equipment              |      | (3,887)                                   | -                                         |
| Proceeds on sale of investment                          |      | 238,450                                   | 30,000                                    |
| Loan repaid/(received) by third party                   |      | -                                         | 400,000                                   |
| Net cash flows used in investing activities             |      | (3,771,350)                               | (1,564,521)                               |
| <b>Cash flows from financing activities</b>             |      |                                           |                                           |
| Proceeds from issue of shares and options               |      | 5,000,115                                 | 3,683,486                                 |
| Payment of share issue costs                            |      | (393,502)                                 | (367,253)                                 |
| Proceeds from borrowings                                |      | -                                         | 1,000,000                                 |
| Net cash flows provided by financing activities         |      | 4,606,613                                 | 4,316,233                                 |
| Net increase/(decrease) in cash held                    |      | (44,228)                                  | 1,656,931                                 |
| Cash at the beginning of the financial year             |      | 2,489,586                                 | 801,258                                   |
| Effect of exchange movement on cash balances            |      | (86,173)                                  | 31,397                                    |
| <b>Cash and cash equivalents at the end of the year</b> | 8    | <b>2,359,185</b>                          | <b>2,489,586</b>                          |

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

25

## 1 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

## 1.1 Amendments to AASBs and the new interpretation that are mandatorily effective for the current year

In the current year, the Group has applied two amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

**AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'**

This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that standard to effectively be withdrawn.

**AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'**

The amendments to AASB 128 align the relief available in AASB 10 and AASB 128 in respect of the financial reporting requirements for Australian groups with a foreign parent. The amendments require that the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

## 1.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

| Standard/Interpretation                                                                                                                                                                                                                                                                                               | EFFECTIVE FOR<br>ANNUAL REPORTING<br>PERIODS BEGINNING<br>ON OR AFTER | EXPECTED TO BE<br>INITIALLY APPLIED<br>IN THE FINANCIAL<br>YEAR ENDING |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|
| AASB 9 'Financial Instruments', and the relevant amending standards                                                                                                                                                                                                                                                   | 1 January 2018                                                        | 30 June 2019                                                           |
| AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15' and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarification to AASB 15' | 1 January 2018                                                        | 30 June 2019                                                           |
| AASB 16 'Leases'                                                                                                                                                                                                                                                                                                      | 1 January 2019                                                        | 30 June 2020                                                           |
| AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations'                                                                                                                                                                                             | 1 January 2016                                                        | 30 June 2017                                                           |
| AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'                                                                                                                                                                                    | 1 January 2016                                                        | 30 June 2017                                                           |
| 'AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'                                                                                                                                                                                                         | 1 January 2016                                                        | 30 June 2017                                                           |
| AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'                                             | 1 January 2018                                                        | 30 June 2019                                                           |
| AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'                                                                                                                                                                                  | 1 January 2016                                                        | 30 June 2017                                                           |
| AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'                                                                                                                                                                                                           | 1 January 2016                                                        | 30 June 2017                                                           |
| AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'                                                                                                                                                                                               | 1 January 2016                                                        | 30 June 2017                                                           |
| AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'                                                                                                                                                                                                | 1 January 2017                                                        | 30 June 2018                                                           |
| AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'                                                                                                                                                                                                           | 1 January 2017                                                        | 30 June 2018                                                           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

26

### 1 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

#### 1.2 Standards and Interpretations in issue not yet adopted (CONTINUED)

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were on issue but not yet effective:

| Standard/Interpretation                                                                     | EFFECTIVE FOR<br>ANNUAL REPORTING<br>PERIODS BEGINNING<br>ON OR AFTER | EXPECTED TO BE<br>INITIALLY APPLIED<br>IN THE FINANCIAL<br>YEAR ENDING |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|
| Classification and measurement of share based payment transactions<br>(Amendment to IFRS 2) | 1 January 2018                                                        | 30 June 2019                                                           |

The impact of these recently issued or amended standards and interpretations have not yet been determined by the Group.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

These financial statements are general-purpose financial statements, which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

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.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29 September 2016.

#### 2.2 Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred net losses after taxes of \$1,349,305 (30 June 2015: \$995,121) and experienced net cash outflows from operating activities of \$879,491 (30 June 2015: \$1,094,781) and net cash outflows from exploration and evaluation expenditure of \$4,017,515 (30 June 2015: \$2,075,394) for the year ended 30 June 2016.

During the financial year the consolidated entity deployed its working capital into its graphite prospects in Mahenge, Tanzania, which resulted in the Company announcing its maiden JORC resource in February 2016. The Company has stated that its FY17 strategic objectives are the delivery of an increased and upgraded JORC resource, release of its pre-feasibility study, the securing of offtake supply agreements and the delivery of a definitive feasibility study. In addition the Company plans to continue optimising its metallurgical analysis and testing on its graphite to produce high quality and high yielding battery grade concentrates.

The Directors have prepared a cash flow forecast modelling the Company's key objectives, which indicated the consolidated entity had a requirement for additional capital to invest in the Company's stated strategic objectives.

In September 2016, the Company completed a share placement of a 33,333,333 shares at \$0.15 per share raising \$5m (before costs) with institutional and sophisticated investors. Based on the Group's expected cash flows this additional capital is considered sufficient to allow the consolidated entity to continue with its planned expenditure program over the coming 12 months.

The directors are satisfied the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

27

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### 2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

28

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets and disposal groups classified as held for sale are measured at the lower of cost, their previous carrying amount and fair value less costs to sell.

#### 2.6 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### 2.6.1 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 2.7 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Foreign currencies (CONTINUED)

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

#### 2.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of the settlement.

Liabilities recognised in respect of long term benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

#### 2.9 Share-based payment transactions

The Company provides benefits to employees and others (i.e. consultants) of the Company in the form of share-based payment transactions, whereby employees and others render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently one plan in place to provide these benefits being an Employee Share Option Plan ("ESOP"), which provides benefits to Directors, senior executives and staff.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. An external valuer using the Black-Scholes model determines the fair value.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Black Rock Mining Limited ("market conditions").

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

#### 2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 2.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

30

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Taxation (CONTINUED)

#### 2.10.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### 2.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Black Rock Mining Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Black Rock Mining Limited, and the controlled entities in the tax-consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidation group continues to be a stand-alone entity in its own right.

In addition to its own current and deferred tax amounts, Black Rock Mining Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidation group.

### 2.11 Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### *Plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

#### *Depreciation*

Depreciable non-current assets are depreciated over their expected economic life using the straight-line method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

Plant and equipment: 7.5% - 40%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

31

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.12 Exploration Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, otherwise costs are expensed.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

#### 2.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.14 Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

32

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial Instruments (CONTINUED)

##### 2.14.1 Financial Assets

Financial assets are classified into the following specified categories, financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### 2.14.1.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### 2.14.1.2 Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the interest rate, except for short-term receivables when the effect of discounting is immaterial.

##### 2.14.1.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

33

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial Instruments (CONTINUED)

##### 2.14.1 Financial Assets (CONTINUED)

###### 2.14.1.4 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

##### 2.14.2 Financial liabilities

Financial liabilities are classified as either financial liabilities or 'FVTPL' or 'other financial liabilities'.

###### 2.14.2.1 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

###### 2.14.2.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 2.15 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

34

### 3 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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 to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### 3.1.1 Classification and measurement of assets held for sale

Note 7 details that the consolidated entity entered into the binding agreement for the sale of its Ocean Hill Hydrocarbon Assets. As at 30 June 2016, the sale had not yet complete at reporting date, however the directors have assessed that the asset will be classified as held for sale and measured at lower of its carrying value and fair value less cost to sell as the sale of the asset is still highly probable.

#### 3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### 3.2.1 Impairment

The consolidated entities assess impairment at each reporting date by evaluating conditions specific to the consolidated entities that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The Group's policy on the capitalisation of exploration and evaluation expenditure is detailed in note 2.12 and Impairment at note 2.13. In considering if an impairment event has been triggered the Company took into account positive results from its exploration programme, expectation of a near term JORC resource and market capitalisation being well in excess of capitalised exploration costs.

##### 3.2.2 Share based payments

The consolidated entities measure the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model. One of the inputs into the option valuation model is volatility of the underlying share price, which is estimated on the one-year history of the share price and has been estimated as approximately 80% to 122%.

### 4 SEGMENT REPORTING

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the geographical location of resources being explored for and evaluated. During the prior reporting period, the consolidated group changed its principal activity and focus to that of Graphite in Tanzania. It's geothermal and hydrocarbon activities in Hungary and Australia continue to be discontinued operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

35

### 4 SEGMENT REPORTING (CONTINUED)

#### 4.1 Segment revenues and results

| 2016                                    | GRAPHITE  | CORPORATE   | CONSOLIDATED |
|-----------------------------------------|-----------|-------------|--------------|
| Interest                                | -         | 11,602      | 11,602       |
| Total revenue                           | -         | 11,602      | 11,602       |
| Loss before tax (continuing operations) | (376,197) | (1,205,986) | (1,582,183)  |
| Fixed asset additions                   | -         | 3,887       | 3,887        |
| Depreciation                            | -         | -           | -            |
| Impairment                              | 274,816   | -           | 274,816      |

| 2016                      | GRAPHITE  | CORPORATE | FROM DISCONTINUING OPERATIONS | CONSOLIDATED |
|---------------------------|-----------|-----------|-------------------------------|--------------|
| Total segment assets      | 7,641,555 | 2,386,140 | 532,978                       | 10,560,673   |
| Total segment liabilities | 411,560   | 97,434    | 4,910                         | 513,904      |

| 2015                                    | GRAPHITE  | CORPORATE | CONSOLIDATED |
|-----------------------------------------|-----------|-----------|--------------|
| Interest                                | -         | 80,616    | 80,616       |
| Total revenue                           | -         | 80,616    | 80,616       |
| Loss before tax (continuing operations) | (133,011) | (823,331) | (956,342)    |
| Fixed asset additions                   | -         | -         | -            |
| Depreciation                            | -         | 1,708     | 1,708        |
| Impairment                              | -         | 1,817     | 1,817        |

| 2015                      | GRAPHITE  | CORPORATE | FROM DISCONTINUING OPERATIONS | CONSOLIDATED |
|---------------------------|-----------|-----------|-------------------------------|--------------|
| Total segment assets      | 3,404,599 | 2,565,139 | 522,158                       | 6,491,896    |
| Total segment liabilities | 191,086   | 56,961    | 3,180                         | 251,227      |

#### 4.2 Geographical segments

| 2016               | TANZANIA  | AUSTRALIA | HUNGARY (DISCONTINUED) | AUSTRALIA (DISCONTINUED) | CONSOLIDATED |
|--------------------|-----------|-----------|------------------------|--------------------------|--------------|
| Interest           | -         | 11,602    | -                      | -                        | 11,602       |
| Total revenue      | -         | 11,602    | -                      | -                        | 11,602       |
| Non-current assets | 7,639,211 | 3,887     | -                      | 105,300                  | 7,748,398    |

| 2015               | TANZANIA  | AUSTRALIA | HUNGARY (DISCONTINUED) | AUSTRALIA (DISCONTINUED) | CONSOLIDATED |
|--------------------|-----------|-----------|------------------------|--------------------------|--------------|
| Interest           | -         | 80,616    | -                      | -                        | 80,616       |
| Total revenue      | -         | 80,616    | -                      | -                        | 80,616       |
| Non-current assets | 3,404,600 | -         | -                      | 105,300                  | 3,509,900    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

36

### 5 INCOME TAXES RELATING TO CONTINUING OPERATIONS

|                                                                                      | FOR THE<br>YEAR ENDED<br>30/06/2016 | FOR THE<br>YEAR ENDED<br>30/06/2015 |
|--------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                                                      | \$                                  | \$                                  |
| <b>(a) Income tax (benefit)/expense</b>                                              |                                     |                                     |
| Current tax                                                                          | -                                   | -                                   |
| Deferred tax                                                                         | -                                   | -                                   |
|                                                                                      | -                                   | -                                   |
| <b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b> |                                     |                                     |
| Loss from continuing operations                                                      | (1,582,183)                         | (956,342)                           |
| Prima facie tax benefit at 30% (2015: 30%)                                           | (474,655)                           | (286,903)                           |
| Share based payments                                                                 | 130,551                             | 11,480                              |
| Non-deductible expenditure                                                           | 86,452                              | 3,325                               |
| Movement in unrecognised temporary differences                                       | 38,839                              | (291,636)                           |
| Unused tax losses for which no deferred tax asset has been recognised                | 218,813                             | 563,734                             |
| Income tax benefit                                                                   | -                                   | -                                   |
| <b>(c) Recognised deferred tax assets and liabilities</b>                            |                                     |                                     |
| Recognised deferred tax assets comprise:                                             |                                     |                                     |
| Other temporary differences                                                          | 202,403                             | 45,310                              |
| Tax losses available for offset against future taxable income                        | -                                   | -                                   |
| Deferred tax assets on temporary differences not recognised                          | (198,062)                           | (35,891)                            |
|                                                                                      | 4,341                               | 9,419                               |
| <b>Recognised deferred tax liabilities comprise:</b>                                 |                                     |                                     |
| Unrealised foreign exchange movements                                                | 4,341                               | 9,419                               |
|                                                                                      | 4,341                               | 9,419                               |

#### Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised are \$16,829,644 (2015: \$16,345,889). Potential tax benefit is \$5,048,893 (2015: \$4,903,767). The Company is still in the process of reviewing the continuity of ownership test and same business test in determining whether these unrecognised tax losses can be utilised in future financial reporting periods.

#### (d) Franking credits

The Company has no franking credits available as at 30 June 2016 (2015: Nil).

#### (e) Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head Company of the consolidated group is Black Rock Mining Limited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

37

### 6 DISCONTINUED OPERATIONS

#### 6.1 Disposal of oil and gas permit

On 22 October 2014, the consolidated group announced that it had entered into an binding agreement to divest its Ocean Hill Hydrocarbon asset. The conditions precedent on the sale of the Ocean Hill Permit to Eneabba Gas are yet to be completed as at 30 June 2016. The disposal represents the final oil and gas asset held by the Company. Refer to Note 7 for further details.

#### 6.2 Disposal of the geothermal business

On 4 December 2015, the Company announced that it had completed the sale of its share of the geothermal assets held in Central European Energy Private Company Limited ("CEGE") for HUF 50,000,000. The Company has shown a profit on sale of the CEGE asset of \$238,450.

#### 6.3 Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations (i.e. hydrocarbon and geothermal) included in the profit/(loss) for the year are set out below. The comparative profit/(loss) and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

|                                                                                                   | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|---------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Loss for the year from discontinued operations</b>                                             |                                           |                                           |
| Revenue                                                                                           | -                                         | 258                                       |
| Administration expense                                                                            | (2,080)                                   | (6,192)                                   |
| Consulting expense                                                                                | (2,241)                                   | (8,439)                                   |
| Exploration expenditure                                                                           | -                                         | (23,712)                                  |
| Net foreign exchange loss                                                                         | (1,251)                                   | (694)                                     |
| Gain on disposal of interest in former associate                                                  | 238,450                                   | -                                         |
| Profit / (Loss) for the year from discontinued operations (attributable to owners of the Company) | 232,878                                   | (38,779)                                  |
|                                                                                                   |                                           |                                           |
|                                                                                                   | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
| <b>Cash flows from discontinued operations</b>                                                    |                                           |                                           |
| Net cash inflows/(outflows) from operating activities                                             | (1,105)                                   | (1,066)                                   |
| Net cash inflows/(outflows) from investing activities                                             | 222,371                                   | (77,929)                                  |
| Net cash inflows/(outflows) from financing activities                                             | -                                         | -                                         |
|                                                                                                   | 221,266                                   | (78,995)                                  |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

38

### 7 ASSETS CLASSIFIED AS HELD FOR SALE

|                        | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|------------------------|-------------------------------------------|-------------------------------------------|
| Ocean Hill Hydrocarbon | 428,462                                   | 412,383                                   |
|                        | <b>428,462</b>                            | <b>412,383</b>                            |

On 26 August 2016, the Company announced that the divestment of the Ocean Hill permit to Eneabba Gas Limited ("Eneabba Gas") was completed. The contracted consideration from the sale consists of a combination of cash shares in Eneabba Gas and payment of costs on behalf of the Company. The breakdown of the consideration amount is as follows:

- Upfront payment of \$30,000 on signing of the binding agreement (received during the year ended 2015);
- Cash payment of \$200,000 (reduced from the previously agreed amount of \$300,000); and
- 40,000,000 Eneabba Gas Ordinary Shares.

The Agreement is subject to the following conditions precedent and at reporting date all of the conditions had been satisfied following the extension that was granted to October 2016:

- Execution of the Amangu Native Title Claimants of the Amangu Native Title Agreement to the satisfaction of Eneabba Gas (completed in November 2015);
- All conditions required by the Department of Minerals and Petroleum being met to enable the grant of the Permit (completed in May 2016); and
- Obtaining any consent or approval (including any consent or approval under the Act) required to transfer the Permit from the Vendor to Eneabba Gas or its newly incorporated subsidiary, Ocean Hill Pty Ltd (outstanding as at 30 June 2016).

On 26 August 2016, the sale of the Ocean Hill Permit was completed and funds of \$200,000 together with 40 million ordinary shares in Eneabba Gas were received on 31 August 2016. Eneabba Gas satisfied the one remaining condition precedent for the sale of its Perth Basin Permits, which includes the Ocean Hill Permit to UIL Energy Limited during September 2016. As a result, the Company received 7,309,504 fully paid ordinary shares and 4,651,515 Class B Convertible Redeemable Preference shares in UIL Energy Limited on 20 September 2016. The 7,309,504 fully paid ordinary shares are held in voluntary escrow for a period of 6 months from issue.

### 8 CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

|                        | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|------------------------|-------------------------------------------|-------------------------------------------|
| Cash and bank balances | 2,359,185                                 | 2,489,586                                 |
|                        | <b>2,359,185</b>                          | <b>2,489,586</b>                          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

39

### 8 CASH AND CASH EQUIVALENTS (CONTINUED)

#### 8.1 Reconciliation of loss for the year to net cash flows from operating activities

|                                                        | FOR THE<br>YEAR ENDED<br>30/06/2016 | FOR THE<br>YEAR ENDED<br>30/06/2015 |
|--------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                        | \$                                  | \$                                  |
| Loss after income tax                                  | (1,349,305)                         | (995,121)                           |
| Depreciation and amortisation of non-current assets    | -                                   | 1,708                               |
| Share based payments to key management personnel       | 431,347                             | 38,266                              |
| Share based payments to consultants                    | 124,200                             | -                                   |
| Net foreign exchange gain/(loss)                       | (14,452)                            | (31,396)                            |
| Investment revenue recognised in profit or loss        | (11,602)                            | (80,873)                            |
| Exploration expenditure paid in shares                 | 86,000                              | -                                   |
| Gain on disposal of investment                         | (238,450)                           | -                                   |
| Impairment of assets                                   | -                                   | 1,818                               |
|                                                        | (972,262)                           | (1,065,598)                         |
| <i>Movements in working capital:</i>                   |                                     |                                     |
| Decrease/(increase) in trade and other receivables     | 55,400                              | (55,130)                            |
| Increase/(decrease) in trade and other payables        | 16,206                              | 18,251                              |
| Increase/(decrease) in employee entitlements provision | 21,165                              | 7,696                               |
| Net cash used in operating activities                  | (879,491)                           | (1,094,781)                         |

#### 8.2 Non Cash transactions

|                                                                                    | FOR THE<br>YEAR ENDED<br>30/06/2016 | FOR THE<br>YEAR ENDED<br>30/06/2015 |
|------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                                                    | \$                                  | \$                                  |
| <i>Investing activity</i>                                                          |                                     |                                     |
| Payment for acquisition of Tanzanian Graphite Assets – through the issue of shares | (86,000)                            | (1,149,728)                         |
| <i>Financing activity</i>                                                          |                                     |                                     |
| Copulos Group Loan – converted into shares                                         | -                                   | (1,000,000)                         |
| Facility fee payment Copulos Group Loan – issue of shares                          | -                                   | (61,080)                            |
| Payment for services rendered by consultants – issue of share                      | (124,200)                           | (93,334)                            |
| Performance rights exercised into shares                                           | (421,200)                           | -                                   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

40

### 9 SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

| Name of subsidiary                      | PLACE OF INCORPORATION AND OPERATION | PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP |                               |
|-----------------------------------------|--------------------------------------|---------------------------------------------------------------------|-------------------------------|
|                                         |                                      | FOR THE YEAR ENDED 30/06/2016                                       | FOR THE YEAR ENDED 30/06/2015 |
| Green Heat Resources Pty Ltd            | Australia                            | 100%                                                                | 100%                          |
| Green Rock Geothermal Pty Ltd (iii)     | Australia                            | 100%                                                                | 100%                          |
| Green Rock Energy International Pty Ltd | Australia                            | 100%                                                                | 100%                          |
| Green Rock (Vulcan) Energy Kft          | Hungary                              | 100%                                                                | 100%                          |
| GRE Geothermal 1 Pty Ltd (iii)          | Australia                            | 100%                                                                | 100%                          |
| GRE UWA Corporation Pty Ltd (ii)        | Australia                            | 0%                                                                  | 100%                          |
| Mid West Geothermal Power Pty Ltd (ii)  | Australia                            | 0%                                                                  | 100%                          |
| Mahenge Resources Limited               | Tanzania                             | 100%                                                                | 0%                            |
| Bagamoyo Resources Limited (i)          | Tanzania                             | 0%                                                                  | 0%                            |

(i) The Company was incorporated 15 October 2015 and the shares were transferred back to original owners on 5th May 2016

(ii) These Companies were deregistered on 4 November 2015.

(iii) This Company was deregistered on 21 August 2016.

### 10 EXPLORATION AND EVALUATION ASSET

| In the exploration phase                            | FOR THE YEAR ENDED 30/06/2016 | FOR THE YEAR ENDED 30/06/2015 |
|-----------------------------------------------------|-------------------------------|-------------------------------|
|                                                     | \$                            | \$                            |
| Balance at beginning of year                        | 3,404,600                     | 334,454                       |
| Expenditure incurred during the year (at cost)      | 4,509,427                     | 3,482,529                     |
| Assets reallocated to held for sale (cost) (Note 7) | -                             | (412,383)                     |
| Exploration and evaluation expenditure written off  | (274,816)                     | -                             |
| Balance at end of year                              | 7,639,211                     | 3,404,600                     |

The ultimate recoupment of capitalised exploration expenditure is dependent upon the successful development and/or commercial exploitation or, alternatively through the sale of the respective underlying licences.

The Group entered into an agreement with Eneabba Gas Limited to dispose of its interest in the Ocean Hill Oil and gas permit. All costs associated to Ocean Hill has been reallocated to a held for sale asset (refer note 7).

The Company announced on 20 January 2016, that following due diligence it would not be exercising its option to acquire the Bagamoyo prospects. The exploration costs incurred to date have been impaired to nil at reporting date. The Company has recognised an impairment loss on the project totalling \$274,816 at 30 June 2016.

The remaining balance of \$7,639,211 (2015: \$3,404,600) at reporting date represents the carrying value of its Graphite assets in Tanzania.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

41

### 11 OTHER FINANCIAL ASSETS (NON-CURRENT)

|                        | FOR THE<br>YEAR ENDED<br>30/06/2016 | FOR THE<br>YEAR ENDED<br>30/06/2015 |
|------------------------|-------------------------------------|-------------------------------------|
|                        | \$                                  | \$                                  |
| Other financial assets | 105,300                             | 105,300                             |

In compliance with the requirements of the South Australian Petroleum Act of 2000, the Company is required to lodge and maintain with the Minister, for the satisfaction of obligations arising under the Act or the Geothermal Exploration Licences (GELs) granted, security of \$100,000. The security is to be lodged in cash or an unconditional irrevocable bank guarantee or a letter of credit from a financial institution approved by the Minister.

### 12 TRADE AND OTHER PAYABLES

|                   | FOR THE<br>YEAR ENDED<br>30/06/2016 | FOR THE<br>YEAR ENDED<br>30/06/2015 |
|-------------------|-------------------------------------|-------------------------------------|
|                   | \$                                  | \$                                  |
| Trade creditors   | 202,709                             | 189,566                             |
| Accruals          | 281,334                             | 52,965                              |
| Other liabilities | 1,000                               | 1,000                               |
|                   | 485,043                             | 243,531                             |

Included in trade creditors and accruals is an amount of \$233,175 (2015: \$185,214) relating to exploration expenditure.

### 13 ISSUED CAPITAL

|                                                                                  | FOR THE YEAR<br>ENDED 30/06/2016 | FOR THE YEAR<br>ENDED 30/06/2015 |
|----------------------------------------------------------------------------------|----------------------------------|----------------------------------|
|                                                                                  | \$                               | \$                               |
| 285,404,703 ordinary shares issued and fully paid<br>(30 June 2015: 207,835,612) | 40,253,116                       | 36,274,617                       |
|                                                                                  | 40,253,116                       | 36,274,617                       |

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

42

### 13 ISSUED CAPITAL (CONTINUED)

#### 13.1 Fully paid ordinary shares

|                                                               | NUMBER OF<br>SHARES | SHARE<br>CAPITAL<br>\$ |
|---------------------------------------------------------------|---------------------|------------------------|
| Balance at 1 July 2014                                        | 1,941,273,090       | 31,311,043             |
| Shares issued 10 July 2014 (\$0.0010 per share)               | 33,333,333          | 33,333                 |
| Shares issued 17 July 2014 (\$0.004 per share)                | 6,666,667           | 26,667                 |
| Shares issued 28 July 2014 (\$0.003 per share) (i)            | 213,000,000         | 615,550                |
| Shares issued 15 September 2014 (\$0.004 per share)           | 8,000,000           | 32,000                 |
| Shares issued 7 January 2015 (\$0.002 per share)              | 48,863,916          | 97,728                 |
| Shares issued 20 January 2015 (\$0.004 per share)             | 16,666,667          | 66,667                 |
| Shares consolidation 3 February 2015 (20 for 1 consolidation) | (2,154,412,982)     | -                      |
| Shares issued 27 March 2015 (\$0.08 per share)                | 8,333,323           | 666,667                |
| Shares issued 27 March 2015 (\$0.08 per share)                | 4,000,000           | 320,000                |
| Shares issued 31 March 2015 (\$0.05 per share) (i)            | 71,221,598          | 3,026,910              |
| Shares issued 19 May 2015 (\$0.05 per share) (i)              | 10,890,000          | 456,824                |
| Less: Capital raising costs                                   | -                   | (378,773)              |
| Balance at 30 June 2015                                       | 207,835,612         | 36,274,616             |
| Shares issued 6 November 2015 (0.075 cents per share) (i)     | 21,116,894          | 1,200,536              |
| Shares issued 30 December 2015 (\$0.075 cents per share) (i)  | 36,316,427          | 2,095,362              |
| Shares issued 30 December 2015 (\$0.060 cents per share)      | 1,800,000           | 108,000                |
| Shares issued 18 January 2016 (\$0.075 cents per share) (i)   | 5,233,333           | 302,500                |
| Shares issued 28 January 2016 (\$0.075 cents per share) (i)   | 5,002,433           | 289,128                |
| Shares issued 9 May 2016 (\$0.054 cents per share) (ii)       | 7,800,004           | 421,200                |
| Shares issued 17 June 2016 (\$0.054 cents per share)          | 300,000             | 16,200                 |
| Less: Capital raising costs                                   | -                   | (456,426)              |
| Balance at 30 June 2016                                       | 285,404,703         | 40,253,116             |

(i) Free attaching options were issued as part of these capital raisings and the costs of \$1,198,592 (2015: \$645,281) relating to those free attaching options has been transferred to the share based payment reserve (refer note 14).

(ii) Shares were issued on conversion of performance rights.

The following shares are subject to escrow for the periods as follows:

| Securities                           | Restriction Period |
|--------------------------------------|--------------------|
| 1,211,598 Ordinary Fully Paid Shares | 26 March 2017      |
| 1,116,667 Ordinary Fully Paid Shares | 31 March 2017      |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

43

## 13 ISSUED CAPITAL (CONTINUED)

## 13.2 Options

|                                      | OPENING<br>BALANCE | EXERCISED<br>IN YEAR | GRANTED<br>IN YEAR | EXPIRED<br>IN YEAR | CLOSING<br>BALANCE |
|--------------------------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| <b>Listed options</b>                |                    |                      |                    |                    |                    |
| Expiring 25 March 2017 at \$0.05     | 40,145,000         | -                    | -                  | -                  | 40,145,000         |
| Expiring 30 November 2018 at \$0.075 | -                  | -                    | 35,333,320         | -                  | 35,333,320         |
|                                      | 40,145,000         | -                    | 35,333,320         | -                  | 75,478,320         |
| <b>Unlisted options</b>              |                    |                      |                    |                    |                    |
| Expiring 15 November 2015 at \$0.40  | 95,000             | -                    | -                  | (95,000)           | -                  |
| Expiring 11 June 2016 at \$0.16      | 100,000            | -                    | -                  | (100,000)          | -                  |
| Expiring 28 November 2016 at \$0.06  | 375,000            | -                    | -                  | -                  | 375,000            |
| Expiring 19 January 2018 at \$0.20   | 3,300,003          | -                    | -                  | -                  | 3,300,003          |
|                                      | 3,870,003          | -                    | -                  | (195,000)          | 3,675,003          |
| Weighted average exercise price      | \$0.19             | -                    | -                  | \$0.28             | \$0.18             |

The weighted average remaining contractual life of options as at 30 June 2016 is 554 days (2015: 856 days).

## 14 RESERVES (NET OF INCOME TAX)

| Reserves                         | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|----------------------------------|-------------------------------------------|-------------------------------------------|
| Share based payments reserve (i) | 2,125,784                                 | 871,015                                   |
| Foreign translation reserve (ii) | (159,280)                                 | (58,657)                                  |
|                                  | 1,966,504                                 | 812,358                                   |

## (i) Share Based Payments Reserve

The share based payments reserve comprises any equity settled share based payment transactions and other options transactions. The reserve will be reversed against share capital when the underlying rights are exercised.

|                                                                 | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|-----------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Balance at the beginning of the year                            | 871,015                                   | 1,306,591                                 |
| Add: Reallocation from share capital for free attaching options | 1,198,592                                 | 645,281                                   |
| Add: Share based payment relating to capital raising costs      | 68,790                                    | -                                         |
| Add: Amounts expensed in the current year                       | 431,347                                   | 38,266                                    |
| Less: Options expired                                           | (22,760)                                  | (1,119,123)                               |
| Less: Performance rights vested and exercised                   | (421,200)                                 | -                                         |
|                                                                 | 2,125,784                                 | 871,015                                   |

## (ii) Foreign Translation Reserve

The foreign translation reserve arises on the consolidation of the Group's overseas subsidiary companies, Green Rock (Vulcan) Energy Kft and Mahenge Resources Limited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

44

### 15 ACCUMULATED LOSSES

|                                  | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|----------------------------------|-------------------------------------------|-------------------------------------------|
| Balance at beginning of the year | 30,846,306                                | 30,970,308                                |
| Net loss attributable to members | 1,349,305                                 | 995,121                                   |
| Transfer to share option reserve | (22,760)                                  | (1,119,123)                               |
| Balance at end of year           | 32,172,851                                | 30,846,306                                |

### 16 SHARE BASED PAYMENTS

#### (a) Employee Share Incentive Scheme

The establishment of the Black Rock Mining Limited Employee Share Incentive Option Plan ("the Plan") was initially approved by special resolution at a General Meeting of shareholders of the Company held on 21 November 2006 and approval renewed by shareholders on 18 November 2009 and 28 November 2013. All eligible Directors, executive officers and employees of Black Rock Mining Limited are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The share based payment arrangements that were in existence during current and prior-reporting periods is detailed in note 13.1. During the year, the share based payment expense recognised in the consolidated statement of profit and loss totaled \$431,347 (2015: \$38,266).

#### Share based payment arrangements relating to employees and directors:

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER<br>OF OPTIONS AT<br>THE BEGINNING<br>OF THE YEAR | OPTIONS<br>GRANTED<br>THIS YEAR | OPTIONS<br>EXPIRED /<br>LAPSED THIS<br>YEAR | NUMBER OF<br>OPTIONS AT<br>THE END OF<br>THE YEAR | OPTIONS<br>EXERCISABLE<br>AT THE END OF<br>THE YEAR | FAIR VALUE AT<br>GRANT DATE |
|------------|-------------|----------------|---------------------------------------------------------|---------------------------------|---------------------------------------------|---------------------------------------------------|-----------------------------------------------------|-----------------------------|
| 15/11/2011 | 15/11/2015  | \$0.40         | 95,000                                                  | -                               | (95,000)                                    | -                                                 | -                                                   | \$0.01                      |
| 11/06/2012 | 11/06/2016  | \$0.16         | 100,000                                                 | -                               | (100,000)                                   | -                                                 | -                                                   | \$0.01                      |
| 04/01/2013 | 28/11/2016  | \$0.06         | 375,000                                                 | -                               | -                                           | 375,000                                           | 375,000                                             | \$0.017                     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

45

## 16 SHARE BASED PAYMENTS (CONTINUED)

## (a) Employee Share Incentive Scheme (CONTINUED)

The following reconciles the outstanding share options granted under the Plan at the beginning and end of the financial year.

|                                                | 2016                 |                                                  | 2015                 |                                                  |
|------------------------------------------------|----------------------|--------------------------------------------------|----------------------|--------------------------------------------------|
|                                                | NUMBER OF<br>OPTIONS | WEIGHTED<br>AVERAGE<br>EXERCISE PRICE<br>(CENTS) | NUMBER OF<br>OPTIONS | WEIGHTED<br>AVERAGE<br>EXERCISE PRICE<br>(CENTS) |
| Balance at the beginning of the financial year | 570,000              | 13.00                                            | 20,250,000           | 3.00                                             |
| Granted during the financial year:             |                      |                                                  |                      |                                                  |
| - Directors                                    | -                    | -                                                | -                    | -                                                |
| - Employees                                    | -                    | -                                                | -                    | -                                                |
| Forfeited/Expired                              | (195,000)            | 3.00                                             | (8,850,000)          | 6.00                                             |
| Share consolidation                            | -                    | -                                                | (10,830,000)         | 13.00                                            |
| Balance at the end of the financial year       | 375,000              | 6.00                                             | 570,000              | 13.00                                            |
| Vested and Exercisable at the end of the year  | 375,000              | 6.00                                             | 570,000              | 13.00                                            |

Expected volatility is based on the movement of the underlying share price around its average price over the expected term of the option.

**Balance at end of the financial year**

The share options outstanding and exercisable at the end of the financial year under the Plan had an exercise price of \$0.06 and a weighted average remaining contractual life of 151 days (2015: 424 days).

## (b) Share Based Payments – Other

| DATE OF ISSUE    | NO. OF SHARES  | FAIR VALUE AT<br>ISSUE DATE |                                                                                                         |
|------------------|----------------|-----------------------------|---------------------------------------------------------------------------------------------------------|
| 6 November 2015  | 1,000,000      | \$0.086                     | Shares issued for Bagamoyo Graphite project                                                             |
| 30 December 2015 | 1,200,000      | \$0.06                      | Shares issued to Cygnet capital under the Consultancy Agreement in consideration for services provided. |
| 30 December 2015 | 600,000        | \$0.06                      | Shares issued to Stocks Digital in consideration for services provided.                                 |
| 17 June 2016     | 300,000        | \$0.054                     | Shares issued to Stocks Digital in consideration for services provided.                                 |
| DATE OF ISSUE    | NO. OF OPTIONS | FAIR VALUE AT<br>ISSUE DATE |                                                                                                         |
| 9 May 2016       | 2,000,000      | \$0.34                      | Options issued to Gleneagle Securities in accordance with Capital Raising Mandate from placement.       |

## (c) Performance rights

|                           | OPENING<br>BALANCE | GRANTED<br>IN PERIOD | EXERCISED<br>IN PERIOD | EXPIRED<br>IN PERIOD | CLOSING<br>BALANCE |
|---------------------------|--------------------|----------------------|------------------------|----------------------|--------------------|
| Expiring 31 December 2017 | 6,700,000          | -                    | (4,466,667)            | -                    | 2,233,333          |
| Expiring 31 December 2018 | -                  | 5,000,000            | (3,333,333)            | -                    | 1,666,667          |
|                           | 6,700,000          | 5,000,000            | (7,800,000)            | -                    | 3,900,000          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

46

### 16 SHARE BASED PAYMENTS (CONTINUED)

#### (c) Performance rights (CONTINUED)

##### Performance Rights issued to directors in the Financial Year 2016:

The aggregate number of performance rights issued during the year and held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

|                   | NUMBER OF<br>PERFORMANCE<br>RIGHTS | VALUE OF<br>PERFORMANCE<br>RIGHTS –<br>TRANCHE A & B | VALUE OF<br>PERFORMANCE<br>RIGHTS –<br>TRANCHE C | TRANCHE A<br>PERFORMANCE<br>RIGHTS | TRANCHE B<br>PERFORMANCE<br>RIGHTS | TRANCHE C<br>PERFORMANCE<br>RIGHTS |
|-------------------|------------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Directors</b>  |                                    |                                                      |                                                  |                                    |                                    |                                    |
| Stephen Copulos   | 1,475,000                          | \$59,000                                             | \$19,470                                         | 491,667                            | 491,667                            | 491,666                            |
| Steven Tambanis   | 1,950,000                          | \$78,000                                             | \$25,740                                         | 650,000                            | 650,000                            | 650,000                            |
| Gabriel Chiappini | 1,475,000                          | \$59,000                                             | \$19,470                                         | 491,667                            | 491,667                            | 491,666                            |
| <b>Employee</b>   |                                    |                                                      |                                                  |                                    |                                    |                                    |
| Alan Till         | 100,000                            | \$4,000                                              | \$1,320                                          | 33,333                             | 33,333                             | 33,333                             |

| PERFORMANCE RIGHTS | GRANT DATE       | EXPIRY DATE      | FAIR VALUE AT<br>GRANT DATE | EXERCISE PRICE |
|--------------------|------------------|------------------|-----------------------------|----------------|
| Tranche A          | 30 November 2015 | 31 December 2018 | \$0.060                     | Nil            |
| Tranche B          | 30 November 2015 | 31 December 2018 | \$0.060                     | Nil            |
| Tranche C          | 30 November 2015 | 31 December 2018 | \$0.0396                    | Nil            |

The Performance Rights will vest upon satisfaction of the following milestones:

- (i) Tranche A : The Company announces a JORC Code compliant resource of not less than 3,000,000 tonnes of contained graphite at 8% or more total graphite from its Graphite Projects;
- (ii) Tranche B : The Company announces a JORC compliant resource of greater than 4,000,000 tonnes of contained graphite at 8% or more total graphite contents from its Graphite Projects; and
- (iii) Tranche C : From the date of receipt of the Performance Rights, the Company's 10 day VWAP is equal to or greater than \$0.1275 for a period of 10 consecutive trading days.

#### Messrs Copulos, Tambanis, Chiappini & Till

|                                |                                            |                                            |  |
|--------------------------------|--------------------------------------------|--------------------------------------------|--|
| Grant date                     | 30 November 2015                           |                                            |  |
| Number of performance rights:  |                                            |                                            |  |
| - S Copulos                    | 1,475,000                                  |                                            |  |
| - S Tambanis                   | 1,950,000                                  |                                            |  |
| - G Chiappini                  | 1,475,000                                  |                                            |  |
| - A Till                       | 100,000                                    |                                            |  |
| Method                         | Black & Scholes                            | Monte Carlo Simulation                     |  |
| Tranches                       | A and B                                    | C                                          |  |
| Grant date share price (cents) | 5                                          | 5                                          |  |
| Exercise prices (cents)        | Nil – subject to milestone hurdles (above) | Nil – subject to milestone hurdles (above) |  |
| Expected volatility            | 100%                                       | 100%                                       |  |
| Rights life                    | 3 years                                    | 3 years                                    |  |
| Dividend yield                 | Nil                                        | Nil                                        |  |
| Risk-free interest rate        | 2.05%                                      | 2.05%                                      |  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

47

## 16 SHARE BASED PAYMENTS (CONTINUED)

## (c) Performance rights (CONTINUED)

*Performance Rights issued to directors in the Financial Year 2016: (CONTINUED)*

In February 2016, the Company announced its maiden JORC resource, which has triggered the satisfaction of vesting milestones for Tranches A and B of these performance rights.

|           | OPENING<br>BALANCE | GRANTED<br>IN PERIOD | EXERCISED<br>IN PERIOD | EXPIRED IN<br>PERIOD | CLOSING<br>BALANCE | ORDINARY<br>SHARES<br>ISSUED | ISSUED<br>SHARE<br>VALUE |
|-----------|--------------------|----------------------|------------------------|----------------------|--------------------|------------------------------|--------------------------|
| Tranche A | -                  | 1,666,667            | (1,666,667)            | -                    | -                  | 1,666,667                    | \$90,000                 |
| Tranche B | -                  | 1,666,667            | (1,666,667)            | -                    | -                  | 1,666,667                    | \$90,000                 |
| Tranche C | -                  | 1,666,666            | -                      | -                    | 1,666,666          | -                            | -                        |
|           | -                  | 5,000,000            | (3,333,334)            | -                    | 1,666,666          | 3,333,334                    | \$180,000                |

During August 2016, the Company vested the remaining Tranche C performance rights following achievement of the 10 day VWAP milestone. This has been disclosed as a subsequent event.

*Performance Rights issued to directors in the Financial Year 2015:*

The aggregate number of performance rights issued during the prior reporting period and held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

|                   | NUMBER OF<br>PERFORMANCE<br>RIGHTS | VALUE OF<br>PERFORMANCE<br>RIGHTS -<br>TRANCHE A & B | VALUE OF<br>PERFORMANCE<br>RIGHTS -<br>TRANCHE C | TRANCHE A<br>PERFORMANCE<br>RIGHTS | TRANCHE B<br>PERFORMANCE<br>RIGHTS | TRANCHE C<br>PERFORMANCE<br>RIGHTS |
|-------------------|------------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Directors</b>  |                                    |                                                      |                                                  |                                    |                                    |                                    |
| Stephen Copulos   | 1,675,000                          | \$55,833                                             | \$21,217                                         | 558,334                            | 558,333                            | 558,333                            |
| Steven Tambanis   | 3,350,000                          | \$111,667                                            | \$42,433                                         | 1,116,667                          | 1,116,667                          | 1,116,666                          |
| Gabriel Chiappini | 1,675,000                          | \$55,833                                             | \$21,217                                         | 558,334                            | 558,333                            | 558,333                            |

| PERFORMANCE RIGHT | GRANT DATE       | EXPIRY DATE      | FAIR VALUE AT<br>GRANT DATE | EXERCISE PRICE |
|-------------------|------------------|------------------|-----------------------------|----------------|
| Tranche A         | 19 February 2015 | 31 December 2017 | \$0.050                     | Nil            |
| Tranche B         | 19 February 2015 | 31 December 2017 | \$0.050                     | Nil            |
| Tranche C         | 19 February 2015 | 31 December 2017 | \$0.038                     | Nil            |

The Performance Rights will vest upon satisfaction of the following milestones:

- Tranche A : The Company announces a JORC Code compliant resource of not less than 1,000,000 tonnes of contained graphite at 9% or more total graphite content from the Mahenge Projects;
- Tranche B : The Company announces a JORC compliant resource of greater than 2,000,000 tonnes of contained graphite at 9% or more graphite content from the Mahenge Projects; and
- Tranche C : From the date of receipt of the Performance Rights, the Company's 10 day VWAP is equal to or greater than \$0.0875 for a period of 10 consecutive trading days.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

48

### 16 SHARE BASED PAYMENTS (CONTINUED)

#### (c) Performance rights (CONTINUED)

##### *Performance Rights issued to directors in the Financial Year 2015: (CONTINUED)*

| Messrs Copulos, Tambanis,<br>Chiappini & Till |                                            |                                            |
|-----------------------------------------------|--------------------------------------------|--------------------------------------------|
| Grant date                                    | 31 March 2015                              |                                            |
| Number of performance rights:                 |                                            |                                            |
| - S Copulos                                   | 1,675,000                                  |                                            |
| - S Tambanis                                  | 3,350,000                                  |                                            |
| - G Chiappini                                 | 1,675,000                                  |                                            |
| Method                                        | Black & Scholes                            | Monte Carlo Simulation                     |
| Tranches                                      | A and B                                    | C                                          |
| Grant date share price (cents)                | 5                                          | 5                                          |
| Exercise prices (cents)                       | Nil – subject to milestone hurdles (above) | Nil – subject to milestone hurdles (above) |
| Expected volatility                           | 80%                                        | 80%                                        |
| Rights life                                   | 3 years                                    | 3 years                                    |
| Dividend yield                                | Nil                                        | Nil                                        |
| Risk-free interest rate                       | 2.48%                                      | 2.48%                                      |

In February 2016, the Company announced its maiden JORC resource, which has triggered the satisfaction of the vesting milestones of Tranches A and B of these performance rights.

|           | OPENING<br>BALANCE | GRANTED<br>IN PERIOD | EXERCISED<br>IN PERIOD | EXPIRED IN<br>PERIOD | CLOSING<br>BALANCE | ORDINARY<br>SHARES<br>ISSUED | ISSUED<br>SHARE<br>VALUE |
|-----------|--------------------|----------------------|------------------------|----------------------|--------------------|------------------------------|--------------------------|
| Tranche A | 2,233,334          | -                    | (2,233,333)            | -                    | -                  | 2,233,333                    | \$120,600                |
| Tranche B | 2,233,334          | -                    | (2,233,334)            | -                    | -                  | 2,233,334                    | \$120,600                |
| Tranche C | 2,233,333          | -                    | -                      | -                    | 2,233,333          | -                            | -                        |
|           | 6,700,000          | -                    | (4,466,667)            | -                    | 2,233,333          | 4,466,667                    | \$241,200                |

During August 2016, the Company vested the remaining Tranche C performance rights following achievement of the 10 day VWAP milestone. This has been disclosed as a subsequent event.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

49

### 17 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of Black Rock Mining Limited during the year were:

|                   |                        |                             |
|-------------------|------------------------|-----------------------------|
| Stephen Copulos   | Non-Executive Chairman | Appointed – 22 January 2015 |
| Steven Tambanis   | Managing Director      | Appointed – 22 January 2015 |
| Gabriel Chiappini | Non Executive Director | Appointed - 21 March 2012   |
|                   | Company Secretary      | Appointed - 12 July 2013    |

Details of the remuneration of key management personnel are set out as follows:

|                             | FOR THE<br>YEAR ENDED<br>30 JUNE 2016<br>\$ | FOR THE<br>YEAR ENDED<br>30 JUNE 2015<br>\$ |
|-----------------------------|---------------------------------------------|---------------------------------------------|
| Short-term employee benefit | 403,500                                     | 300,961                                     |
| Post-employment benefits    | 24,250                                      | 11,245                                      |
| Share-based payments        | 433,055                                     | 38,266                                      |
| Other                       | 21,164                                      | 7,696                                       |
|                             | <b>881,969</b>                              | <b>358,168</b>                              |

### 18 REMUNERATION OF AUDITORS

#### Auditor of the parent entity

During the year the following fees were paid or were payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

|                                             | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|---------------------------------------------|-------------------------------------------|-------------------------------------------|
| Audit or review of the financial statements | 49,780                                    | 41,077                                    |
| Investigating Accountants Report            | -                                         | 29,039                                    |
|                                             | <b>49,780</b>                             | <b>70,116</b>                             |

The auditor of Black Rock Mining Limited is Deloitte Touche Tohmatsu.

### 19 RELATED PARTY TRANSACTIONS

Remuneration details for Directors and Executives are included in the Remuneration Report and have been audited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the reporting period the following amounts were paid to Key Management Personnel for services in addition to those shown elsewhere in this note:

| Director          | VALUE \$ | DESCRIPTION                                                                                                                                                                     |
|-------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gabriel Chiappini | \$84,000 | Payments to Laurus Corporate Services for financial services provided during the reporting period including but not limited to accounting, bookkeeping, tax and administration. |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

50

### 20 EXPENDITURE COMMITMENTS

#### (a) Exploration

As part of the Company's license conditions with the Tanzanian Energy and Minerals Department, the Company is obliged to pay USD\$100 per square kilometer to maintain the license in good standing.

The license costs per annum are as follows:

| Project Name              | LICENSE TYPE | LICENSE NUMBER | AREA KM <sup>2</sup> | RATE PER KM <sup>2</sup> | TOTAL       |
|---------------------------|--------------|----------------|----------------------|--------------------------|-------------|
| Mahenge North Project     | Graphite     | PL 7802/2012   | 144.10               | USD\$100                 | USD\$14,410 |
| Makonde Project           | Graphite     | PL 10111/2014  | 24.83                | USD\$100                 | USD\$2,483  |
| Mahenge East Project      | Graphite     | PL 10426/2014  | 154.96               | USD\$100                 | USD\$15,496 |
| Mahenge Southwest Project | Graphite     | PL 10427/2014  | 208.67               | USD\$100                 | USD\$20,867 |

As part of the conditions to acquire the exploration licences there were minimum exploration expenditure commitments. These have all been met by 30 June 2016.

As part of the contract to acquire the graphite exploration licences, under certain milestone conditions the Company will be obliged to make additional payments. These payments are subject to the following conditions:

#### **Exploration licence PL7802/2012**

- \$250,000 cash or equivalent number of fully paid Black Rock Mining shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 250,000 tonnes of contained graphite at >7% TGC is announced – this milestone has been met and consideration paid;
- \$250,000 cash or cash equivalent number of fully paid Black Rock Mining shares (at the election of the vendor) to be paid when the Company share price exceeds a VWAP of \$0.10 for a period of at least ten consecutive trading days; and
- \$500,000 cash or cash equivalent number of fully paid Black Rock Mining shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 1,000,000 tonnes of contained graphite at >7% TGC is announced – this milestone has been met and consideration paid.

The two milestone payments subject to the announcement of a JORC compliance resource was triggered in February 2016 and was subsequently paid in cash. In August 2016, the Company met the final milestone payment on trigger of the Company's share price exceeding a VWAP of \$0.10, which has been subsequent been paid in cash of \$225,000 and \$25,000 in shares.

#### **Exploration licence PL10111/2014, PL10426/2014 and PL10427/2014**

- \$250,000 cash or equivalent number of fully paid Green Rock shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 250,000 tonnes of contained graphite at >9% TGC is announced. Issue price of shares to be calculated based on the preceding seven (7) day VWAP; and
- \$375,000 cash and the equivalent value (\$375,000) in Black Rock Mining Shares to be paid when a JORC compliant Resource with greater than 1,000,000 tonnes of contained graphite at >9% total graphite content at any of the Projects is announced by Black Rock Mining on the ASX. The issue price of GRK Shares is to be calculated based on the VWAP of Black Rock Mining Shares in the 5 days prior to the release of the announcement.

#### **South Australian Permit**

With regards to the Company's South Australian Geothermal Permit now in the process of being relinquished, there may be a requirement for the Company to undertake remedial work on a previously drilled geothermal well. This exposure is covered by way of a cash backed bond (\$105,300) that the South Australian Department for Manufacturing, Innovation, Trade, Resources and Energy. The Company estimates that the remedial work will total approximately \$60,000.

#### (b) Capital Commitments

The Group has no capital commitments (2015: Nil).

#### (c) Operating Lease Commitments

As at 30 June 2016 and at the date of this report, there are no operating lease commitments (2015: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

51

### 21 LOSS PER SHARE

The following reflects the profit/ (loss) and share details used in the calculation of basic and diluted profit/ (loss) per share:

|                                                                                                            | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Profit / (Loss) used in calculating basic and diluted loss per share</b>                                |                                           |                                           |
| From continuing operations                                                                                 | (1,582,183)                               | (956,342)                                 |
| From discontinued operations                                                                               | 232,878                                   | (38,779)                                  |
|                                                                                                            | <b>(1,349,305)</b>                        | <b>(995,121)</b>                          |
| Weighted average number of ordinary shares used in calculating basic and diluted profit/ (loss) per share: | <b>247,023,437</b>                        | 133,206,619                               |
| <b>Basic and diluted profit / (loss) per share</b>                                                         |                                           |                                           |
| From continuing operations                                                                                 | <b>(\$0.0064)</b>                         | (\$0.0072)                                |
| From discontinuing operations                                                                              | <b>\$0.0009</b>                           | (\$0.0003)                                |
| Total basic and diluted profit/ (loss) per share                                                           | <b>(\$0.0055)</b>                         | (\$0.0075)                                |

The consolidated entity's options and performance rights potentially dilute basic earnings per share in the future. However they have been excluded from the calculations of diluted earnings per share because they are anti-dilutive and out of the money for the years presented.

### 22 FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances as detailed in note 8) and equity of the Group (comprising issued capital, reserves and accumulated losses as detailed in notes 13, 14 and 15).

#### (a) Capital Management

The main focus of the Group's capital management policy is to ensure adequate working capital to fund the exploration and development activities of its various geothermal projects. This is done through the close monitoring of cash flow projections.

The Group's working capital as at balance date was:

|                             | FOR THE<br>YEAR ENDED<br>30/06/2016<br>\$ | FOR THE<br>YEAR ENDED<br>30/06/2015<br>\$ |
|-----------------------------|-------------------------------------------|-------------------------------------------|
| Cash and bank balances      | 2,359,185                                 | 2,489,586                                 |
| Trade and other receivables | 24,627                                    | 80,027                                    |
| Trade and other payables    | (485,043)                                 | (243,531)                                 |
|                             | <b>1,898,769</b>                          | <b>2,326,081</b>                          |

#### 22.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments.

Risk management is the responsibility of the Board of Directors.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

52

### 22 FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Capital Management (CONTINUED)

##### 22.2 Market risk

##### 22.2.1 Foreign exchange risk

The Group transacts in US Dollars in relation to its Tanzanian operations and has a minority interest in a Geothermal operation in Hungary and is exposed to foreign exchange currency movements arising from various currency exposures, primarily with respect to the US Dollar and the Hungarian Forint.

Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group's exposure to foreign currency risk at the reporting date was as follows:

##### *Group sensitivity*

The parent entity advances funds to the Tanzanian subsidiary in US Dollars. The foreign exchange is recognised in the parent entity. The parent entity also advances funds to the Hungarian subsidiary in Australian Dollars. In practical terms the Australian Dollar is converted to the Euro and the Hungarian Forint ("HUF"). The foreign exchange risk is recognized by the Hungarian subsidiary.

The consolidated entity's pre-tax profit for the year would have been \$209,853/222,776 higher/lower (2015: \$214,727 higher/ \$137,133 lower) had the Australian dollar strengthened/weakened by 10% against the US Dollar and the Hungarian Forint.

##### 22.2.2 Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk through cash and cash equivalents \$2,359,185 (2015: \$2,489,586).

At 30 June 2016, if the interest rates had weakened/strengthened by 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$1,063 lower/higher (2015: \$1,689 lower/higher) mainly as a result of interest income decreases/increases.

#### (b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

Cash and cash equivalents are held with recognisable banking and financial institutions. The maximum exposure to credit risk for cash and cash equivalents is the carrying value.

Other receivables are due from third parties considered credit worthy. The maximum exposure to credit risk for other receivables at the reporting date is the carrying amount. The ageing analysis of receivables is as follows:

| Debtor           | < 30 DAYS |
|------------------|-----------|
| Trade receivable | 24,627    |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

##### 22.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure that the Group's liabilities can be settled as and when they become due.

##### 22.3.1 Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Creditor       | < 1 MONTH |
|----------------|-----------|
| Trade payables | 177,740   |

##### 22.4 Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

53

### 23 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2016.

In compliance with the requirements of the South Australian Petroleum Act of 2000 the Company is required to maintain with the Minister, for the satisfaction of obligations arising under the Act or the Geothermal Exploration Licences (GELs) granted, security of \$100,000. The security is to be lodged in cash or an unconditional irrevocable bank guarantee. The security lodged by the Company covers all South Australian GELs granted to the Company.

If on expiry of the GELs they are not renewed and the Minister is satisfied that there are no further obligations under the licences or the Act, the Minister will return the security to the Company.

### 24 EVENTS AFTER THE REPORTING DATE

During August 2016, the Company announced that it had settled the final milestone payment on Mahenge North Project. The final payment of \$250,000 was triggered following the Company's share price exceeding a daily volume weighted average price ("VWAP") of \$0.10 for 10 consecutive trading days. The payment was made to the vendor of Mahenge North Project who elected to receive cash of \$225,000 and shares worth \$25,000 at an issue price of \$0.10 each (250,000 ordinary shares).

In August 2016, the Company announced it had reached its final milestone in relation to Tranche C of the Performance Rights on issue when the Company's share price exceeded a daily VWAP of \$0.1275 for 10 consecutive trading days. The Performance Rights were converted to 3,899,996 ordinary shares in the Company.

On 26 August 2016, the Company announced that the divestment of the Ocean Hill permit to Eneabba Gas was completed. As a result of the sale of the permit the Company has been issued with 40 million Eneabba Gas shares and \$200,000 cash consideration, received on 31 August 2016. Eneabba Gas satisfied the one remaining condition precedent for the sale of its Perth Basin Permits, which includes the Ocean Hill Permit to UIL Energy Limited during September 2016. As a result, the Company received 7,309,504 fully paid ordinary shares and 4,651,515 Class B Convertible Redeemable Preference shares in UIL Energy Limited on 20 September 2016. The 7,309,504 fully paid ordinary shares are held in voluntary escrow for a period of 6 months from issue.

In August 2016 the Company announced that option holders had converted 30,000 options of \$0.05 expiring 25 March 2017 and 833,332 options of \$0.075 expiring 30 November 2018 to 863,332 ordinary shares.

On 1 September 2016 the Company announced that options holders had converted 300,000 options of \$0.05 expiring 25 March 2017 and 33,333 options of \$0.075 expiring 30 November 2018 to 333,333 fully paid ordinary shares.

On 20 September 2016 the Company announced that it had finalised a share placement with a total of 33,333,333 shares issued at \$0.15 per share raising \$5m (before costs) with the shares placed to institutional and sophisticated investors. The board of directors have taken up an allocation of 1,500,000 shares totalling \$225,000 on the same terms and conditions, with the allocation subject to shareholder approval, expected to occur at the November 2016 Annual General Meeting.

On 23 September 2016 the Company announced that option holders had converted 500,000 options of \$0.075 expiring 30 November 2018 to 400,000 fully paid ordinary shares.

Other than the above, the Directors are not aware of any matter or circumstance that has significantly or may significantly affect the operation of the Company or the results of those operations, or the state of affairs of the Company in subsequent financial years.

## 25 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of significant account policies.

| <b>Financial Position</b>       | <b>FOR THE<br/>YEAR ENDED<br/>30/06/2016<br/>\$</b> | <b>FOR THE<br/>YEAR ENDED<br/>30/06/2015<br/>\$</b> |
|---------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>Assets</b>                   |                                                     |                                                     |
| Current assets                  | 2,810,057                                           | 2,977,441                                           |
| Non-current assets              | 7,439,423                                           | 3,511,104                                           |
| <b>Total assets</b>             | <b>10,249,480</b>                                   | <b>6,485,545</b>                                    |
| <b>Liabilities</b>              |                                                     |                                                     |
| Current liabilities             | 97,433                                              | 248,047                                             |
| Non-current liabilities         | -                                                   | -                                                   |
| <b>Total liabilities</b>        | <b>97,433</b>                                       | <b>248,047</b>                                      |
| <b>Equity</b>                   |                                                     |                                                     |
| Issued capital                  | 40,253,116                                          | 36,274,616                                          |
| Retained earnings               | (32,226,852)                                        | (30,905,133)                                        |
| Reserves                        | 2,125,784                                           | 871,015                                             |
| <b>Total equity</b>             | <b>10,152,048</b>                                   | <b>6,240,498</b>                                    |
| <b>Financial performance</b>    | <b>FOR THE<br/>YEAR ENDED<br/>30/06/2016<br/>\$</b> | <b>FOR THE<br/>YEAR ENDED<br/>30/06/2015<br/>\$</b> |
| Loss for the year               | 1,344,479                                           | 3,220,298                                           |
| Other comprehensive income      | -                                                   | -                                                   |
| <b>Total comprehensive loss</b> | <b>1,344,479</b>                                    | <b>3,220,298</b>                                    |

**DIRECTORS' DECLARATION**

55

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting standards, as stated in note 2.1 to the financial statements;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s. 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

*Stephen Copulos*

**Stephen Copulos**

CHAIRMAN

Perth, 29 September 2016



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## Independent Auditor's Report to the members of Black Rock Mining Limited

### Report on the Financial Report

We have audited the accompanying consolidated financial report of Black Rock Mining Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 21 to 55.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the 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 consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2.1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the consolidated financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the consolidated financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Deloitte

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Black Rock Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the consolidated financial report of Black Rock Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion the Remuneration Report of Black Rock Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

*Deloitte Touche Tohmatsu*  
**DELOITTE TOUCHE TOHMATSU**



**Ian Skelton**  
Partner  
Chartered Accountants  
Perth, 29 September 2016



## ADDITIONAL ASX INFORMATION

58

### ORDINARY FULLY PAID SHARES

Range of shares AS OF 31 AUGUST 2016

| Range                   | TOTAL HOLDERS | SHARES             | % OF ISSUED CAPITAL |
|-------------------------|---------------|--------------------|---------------------|
| 1 - 1,000               | 130           | 55,874             | 0.02                |
| 1,001 - 5,000           | 197           | 582,885            | 0.20                |
| 5,001 - 10,000          | 151           | 1,213,429          | 0.42                |
| 10,001 - 100,000        | 793           | 30,167,543         | 10.39               |
| 100,001 - 9,999,999,999 | 273           | 258,398,300        | 88.97               |
| <b>Rounding</b>         |               |                    | <b>0.00</b>         |
| <b>Total</b>            | <b>1,544</b>  | <b>290,418,031</b> | <b>100.00</b>       |

### Unmarketable Parcels

|                                                | MINIMUM PARCEL SIZE | HOLDERS | SHARES |
|------------------------------------------------|---------------------|---------|--------|
| Minimum \$ 500.00 parcel at \$ 0.1650 per unit | 3031                | 244     | 288998 |

Top 20 Shareholders AS OF 22 SEPTEMBER 2016

| RANK                                                        | NAME                                                         | SHARES             | % OF SHARES  |
|-------------------------------------------------------------|--------------------------------------------------------------|--------------------|--------------|
| 1.                                                          | CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>            | 24,666,666         | 7.63         |
| 2.                                                          | GASMERE PTY LTD                                              | 21,040,959         | 6.51         |
| 3.                                                          | EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>     | 20,433,881         | 6.32         |
| 4.                                                          | J P MORGAN NOMINEES AUSTRALIA LIMITED                        | 12,334,793         | 3.82         |
| 5.                                                          | SUPERMAX PTY LTD <SUPERMAX SUPER FUND A/C>                   | 9,066,667          | 2.81         |
| 6.                                                          | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <ST A/C>           | 8,362,747          | 2.59         |
| 7.                                                          | WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C>   | 7,594,999          | 2.35         |
| 8.                                                          | RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>       | 6,993,047          | 2.16         |
| 9.                                                          | ASAB RESOURCES (T) LTD                                       | 6,888,265          | 2.13         |
| 10.                                                         | ARDEN MEDICAL PTY LTD                                        | 6,666,666          | 2.06         |
| 11.                                                         | CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C> | 6,491,949          | 2.01         |
| 12.                                                         | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3            | 5,441,781          | 1.68         |
| 13.                                                         | BLAMNCO TRADING PTY LTD                                      | 4,750,000          | 1.47         |
| 14.                                                         | STEVEN TAMBANIS                                              | 4,676,315          | 1.45         |
| 15.                                                         | SPACETIME PTY LTD <COPULOS EXEC S/FUND NO 1 A/C>             | 4,666,666          | 1.44         |
| 16.                                                         | NATIONAL NOMINEES LIMITED                                    | 3,664,827          | 1.13         |
| 17.                                                         | SPINITE PTY LTD                                              | 3,566,666          | 1.10         |
| 18.                                                         | STEVEN TAMBANIS                                              | 3,350,000          | 1.04         |
| 19.                                                         | KABUNGA HOLDINGS PTY LTD <KABUNGA FAMILY A/C>                | 3,033,250          | 0.94         |
| 20.                                                         | MR HARRY HATCH                                               | 3,000,000          | 0.93         |
| <b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES</b> |                                                              | <b>166,690,144</b> | <b>51.59</b> |
| <b>Total Remaining Holders Balance</b>                      |                                                              | <b>156,394,553</b> | <b>48.41</b> |

### Substantial Shareholders

| NAME          | SHARES     | % OF SHARES |
|---------------|------------|-------------|
| COPULOS GROUP | 73,530,170 | 22.76       |

## ADDITIONAL ASX INFORMATION

59

### LISTED OPTIONS @ \$0.075

Range of units AS OF 31 AUGUST 2016

| Range                   | TOTAL HOLDERS | UNITS             | % OF ISSUED CAPITAL |
|-------------------------|---------------|-------------------|---------------------|
| 1 - 1,000               | 0             | 0                 | 0.00                |
| 1,001 - 5,000           | 0             | 0                 | 0.00                |
| 5,001 - 10,000          | 0             | 0                 | 0.00                |
| 10,001 - 100,000        | 23            | 1,020,854         | 2.96                |
| 100,001 - 9,999,999,999 | 51            | 33,479,135        | 97.04               |
| <b>Rounding</b>         |               |                   | <b>0.00</b>         |
| <b>Total</b>            | <b>74</b>     | <b>34,499,989</b> | <b>100.00</b>       |

### Unmarketable Parcels

|                                              | MINIMUM PARCEL SIZE | HOLDERS | UNITS |
|----------------------------------------------|---------------------|---------|-------|
| Minimum \$ 500.00 parcel at \$ 0.10 per unit | 5000                | 0       | 0     |

Top 20 Option Holders AS OF 22 SEPTEMBER 2016

| RANK                                                                          | NAME                                                                                   | OPTIONS           | % OF OPTIONS |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------|--------------|
| 1.                                                                            | GASMERE PTY LTD                                                                        | 5,000,000         | 14.72        |
| 2.                                                                            | ARDEN MEDICAL PTY LTD                                                                  | 3,333,333         | 9.81         |
| 3.                                                                            | CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>                                      | 2,333,333         | 6.87         |
| 4.                                                                            | SPACETIME PTY LTD <COPULOS EXEC S/FUND NO 1 A/C>                                       | 2,333,333         | 6.87         |
| 5.                                                                            | EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>                               | 2,000,000         | 5.89         |
| 6.                                                                            | SENM (SUPER) PTY LTD <CASZUR EXECUTIVE S/F A/C>                                        | 1,333,333         | 3.93         |
| 7.                                                                            | MRS JACLYN STOJANOVSKI + MR CHRIS RETZOS + MRS SUSIE RETZOS <RETZOS EXECUTIVE S/F A/C> | 1,333,333         | 3.93         |
| 8.                                                                            | MRS MELANIE THERESE VERHEGGEN                                                          | 1,333,332         | 3.93         |
| 9.                                                                            | SPINITE PTY LTD                                                                        | 1,008,337         | 2.97         |
| 10.                                                                           | GLENEAGLE SECURITIES (AUST) PTY LTD                                                    | 966,667           | 2.85         |
| 11.                                                                           | BALA TRADING CO PTY LTD <WATERFORD FAMILY A/C>                                         | 666,667           | 1.96         |
| 12.                                                                           | RESOURCE CONSULTING SERVICES PTY LTD <THE RCS SUPER FUND A/C>                          | 666,667           | 1.96         |
| 13.                                                                           | MR SEBASTIAN MANGIAMELI + MRS CONNIE MANGIAMELI                                        | 666,666           | 1.96         |
| 14.                                                                           | ARJ FAMILY PTY LTD <ARJ FAMILY A/C>                                                    | 500,000           | 1.47         |
| 15.                                                                           | EXIT OUT PTY LTD <THE DISCRETIONARY A/C>                                               | 500,000           | 1.47         |
| 16.                                                                           | MITROPOULOS NOMINEES PTY LTD <SUPER FUND ACCOUNT>                                      | 500,000           | 1.47         |
| 17.                                                                           | GORMAN MANGEMENT PTY LTD                                                               | 350,000           | 1.03         |
| 18.                                                                           | MAUGRA NOMINEES PTY LTD <KINGSTON RETIREMENT FUND A/C>                                 | 350,000           | 1.03         |
| 19.                                                                           | PINE STREET PTY LIMITED <PINE STREET SUPER FUND A/C>                                   | 333,334           | 0.98         |
| 20.                                                                           | MR LAURIE BARICHELLO                                                                   | 333,333           | 0.98         |
| <b>Totals: Top 20 holders of LISTED OPTIONS EXPIRING 30/11/2018 @ \$0.075</b> |                                                                                        | <b>25,841,668</b> | <b>76.08</b> |
| <b>Total Remaining Holders Balance</b>                                        |                                                                                        | <b>8,124,988</b>  | <b>23.92</b> |

## ADDITIONAL ASX INFORMATION

60

### LISTED OPTIONS @ \$0.05

Range of units AS OF 31 AUGUST 2016

| Range                   | TOTAL HOLDERS | UNITS             | % OF ISSUED CAPITAL |
|-------------------------|---------------|-------------------|---------------------|
| 1 - 1,000               | 0             | 0                 | 0.00                |
| 1,001 - 5,000           | 0             | 0                 | 0.00                |
| 5,001 - 10,000          | 0             | 0                 | 0.00                |
| 10,001 - 100,000        | 28            | 1,542,026         | 3.84                |
| 100,001 - 9,999,999,999 | 27            | 38,572,974        | 96.16               |
| <b>Rounding</b>         |               |                   | <b>0.00</b>         |
| <b>Total</b>            | <b>55</b>     | <b>40,115,000</b> | <b>100.00</b>       |

### Unmarketable Parcels

|                                              | MINIMUM PARCEL SIZE | HOLDERS | UNITS |
|----------------------------------------------|---------------------|---------|-------|
| Minimum \$ 500.00 parcel at \$ 0.12 per unit | 4167                | 0       | 0     |

Top 20 Option Holders AS OF 22 SEPTEMBER 2016

| RANK                                                                               | NAME                                                              | OPTIONS           | % OF OPTIONS |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------|--------------|
| 1.                                                                                 | CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>                 | 7,500,000         | 18.84        |
| 2.                                                                                 | EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>          | 7,500,000         | 18.84        |
| 3.                                                                                 | GASMERE PTY LTD                                                   | 3,500,000         | 8.79         |
| 4.                                                                                 | UBS NOMINEES PTY LTD                                              | 3,000,000         | 7.53         |
| 5.                                                                                 | WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C>        | 2,997,500         | 7.53         |
| 6.                                                                                 | MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY SUPER A/C>                 | 1,750,000         | 4.40         |
| 7.                                                                                 | MR HARRY HATCH                                                    | 1,500,000         | 3.77         |
| 8.                                                                                 | JAWAF ENTERPRISES PTY LTD                                         | 1,441,026         | 3.62         |
| 9.                                                                                 | EXIT OUT PTY LTD <THE DISCRETIONARY A/C>                          | 1,000,000         | 2.51         |
| 10.                                                                                | STEVEN TAMBANIS                                                   | 1,000,000         | 2.51         |
| 11.                                                                                | FNL INVESTMENTS PTY LTD <SUPERANNUATION PLAN A/C>                 | 970,000           | 2.44         |
| 12.                                                                                | EQUUS TRAILERS PTY LTD <DJHERRING SUPERFUND A/C>                  | 895,170           | 2.25         |
| 13.                                                                                | MS MERLE SMITH + MS KATHRYN SMITH <THE MINI PENSION FUND A/C>     | 800,000           | 2.01         |
| 14.                                                                                | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                         | 700,000           | 1.76         |
| 15.                                                                                | MR ALAIN TREUER                                                   | 650,000           | 1.63         |
| 16.                                                                                | E & E HALL PTY LTD <E & E HALL P/L S/F A/C>                       | 556,304           | 1.40         |
| 17.                                                                                | JED TRADING PTY LIMITED                                           | 500,000           | 1.26         |
| 18.                                                                                | SPINITE PTY LTD                                                   | 500,000           | 1.26         |
| 19.                                                                                | MR GABRIEL CHIAPPINI + MRS ROSA CHIAPPINI <GRAN SASSO FAMILY A/C> | 250,000           | 0.63         |
| 20.                                                                                | MITROPOULOS NOMINEES PTY LTD <SUPER FUND ACCOUNT>                 | 250,000           | 0.63         |
| <b>Totals: Top 20 holders of LISTED OPTIONS EXPIRING 20/03/17 @ \$0.05 (TOTAL)</b> |                                                                   | <b>37,260,000</b> | <b>93.58</b> |
| <b>Total Remaining Holders Balance</b>                                             |                                                                   | <b>2,555,000</b>  | <b>6.42</b>  |