ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

BLACK ROCK MINING LIMITED

CORPORATE DIRECTORY

Black Rock Mining Limited

ABN: 59 094 551 336

DIRECTORS	**Stephen Copulos** Chairman Non- Executive
	John de Vries Chief Executive Officer, Executive 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
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
STOCK EXCHANGE LISTING	The Company's shares are quoted on the Australian Securities Exchange (ASX). The Home Exchange is Perth.
ASX CODE	**BKT** - ordinary shares **BKTOD** - listed options

CHAIRMAN'S ADDRESS

Dear Fellow Shareholder,

It is my pleasure to present Black Rock Mining Limited's (ASX: BKT) Annual Report for the year ended 30 June 2017. Black Rock has achieved several important milestones in the development of its Mahenge Graphite Project in Tanzania, Africa, as we position Mahenge as an important resource in the production of lithium-ion batteries, seen as the energy of the future and necessary to the electric vehicle and energy storage markets.

Our achievements included delivering a positive optimised Pre-Feasibility Study ("PFS") for Mahenge which confirmed the project's outstanding potential as a long life, low capex, high margin operation. The optimised PFS released August 2017,built on the Scoping Study completed in March 2016, and demonstrated the technical viability of the project and its ability to deliver robust financial returns under various financial and operating scenarios.

Highlights of the optimised PFS included:

- Post-tax unlevered project NPV_{10} of US$905m ($NPV_8$ of US$798m)
- Allows for 16% free carry at project level by Tanzanian Government and extra 1% royalty for inspection fee
- Post-tax unlevered IRR of 45.1%
- EBITDA in first full year of production of US$220 million (EBITDA margin of 66%)
- Three 83ktpa staged modules to deliver a maximum of 250k tonnes per annum, with the second and third module to be self-funded a 31-year life of mine with average grade of 8.9% TGC
- Pre-production capital expenditure ("capex") estimated at US$90.1 million including 15% contingency

This is an integral step for Mahenge, and Black Rock has followed up on this result by achieving industry-leading spheronising graphite yields and battery test results, as well as an optimised flowsheet for Mahenge which achieved results of 99.6% purity.

We also signed two significant Memorandums of Understanding regarding working with joint venture partner in a spherical graphite production facility in China, to evaluate viability of a long-term commercial relationship, and a Chinese spherical graphite manufacturing and marketing company with manufacturing capability. We look forward to further advancing these relationships over the coming year.

Unfortunately, in the face of such great progress, our share price has not performed well in a market that has been somewhat tough on mining companies in our stage of development, combined with the perceived investment risk of operating in Africa. The changes to Tanzanian legislation relating to mining, which were announced just after the year end, also did not help our share price, and we are yet to fully understand how these changes will impact the Company regarding our agreement with the Tanzania government, royalties and beneficiation requirements. We look forward to consulting with the Tanzanian government on these changes.

We completed a $5m placement to institutional and sophisticated investors in September last year which helped fund the completion of our PFS and other testwork needed to progress Mahenge, and during the March quarter, Black Rock received applications from option holders to exercise 39,675,000, $0.05 options which were due to expire on 25 March 2017, raising a further $2m which will help us continue Mahenge's development. I thank our shareholders for their continued support.

As a further step in moving Mahenge forward, Steven Tambanis agreed to step down from the CEO role to allow Black Rock to identify a suitably experienced CEO with construction, production and marketing experience. In August 2017, John de Vries, a highly-respected mining professional with more than 30 years of industry experience, became Black Rock's permanent CEO. John de Vries originally joined the Company as the Chief Operating officer to manage the PFS. I thank Steven for his efforts and leadership in his time as CEO.

I take this opportunity to thank all members of Black Rock's management team and staff, as well as my fellow directors, for their efforts over the past year. I also thank our Shareholders for continuing on this journey with us as we work to develop this high-grade graphite resource at Mahenge to its full potential, and I hope that your support will continue in 2018, which will see Black Rock take further important steps forward in this process.

Stephen Copulos

Stephen Copulos
CHAIRMAN

Chief Executive Officer's Report

Throughout the 2016/17 Financial Year, Black Rock Mining continued to advance the Mahenge Graphite Project, and in so doing, commence our transition from an exploration to a development company and ultimately a graphite producer. The completion of a Pre-Feasibility Study for Black Rock's Mahenge Graphite Project, Tanzania, was the priority for the Company over the past 12 months. The Pre-Feasibility was delivered by Black Rock on 24 April 2017, and subsequently updated with an Optimised Pre-Feasibility on the 8th of August 2017.

LEFT: LOCATION OF BLACK ROCK'S MAHENGE GRAPHITE PROJECT WITHIN TANZANIA

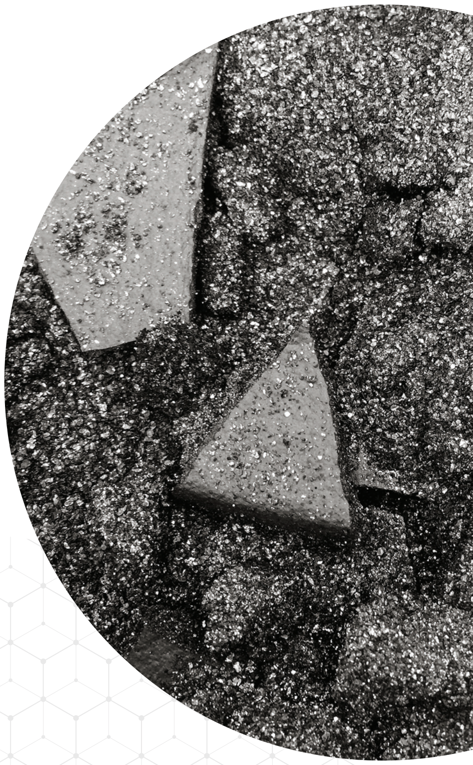
CHIEF EXECUTIVE OFFICER'S REPORT

The Pre-Feasibility Study, and the subsequent Optimised Pre-Feasibility Study are defined by a staged development approach, described as "Crawl, Walk Run". This approach uses cash flow from the first stage to self-fund or bootstrap subsequent stages. Importantly this approach limits the company's maximum financial exposure to the first stage only, while still achieving significant magnitude. The approach also allows the company to increase operational magnitude in response to market growth at a time of our choosing.

Several key items completed as part of the PFS preparations included:

- Test work results from the primary composite samples of Ulanzi and Epanko North, which achieved industry leading, 99% TGC purities for all size fractions greater than 75 microns. The results indicated that exceptionally high purities in the 99% range can be achieved from both oxide and fresh portions of Ulanzi and Epanko North through a straightforward processing circuit while preserving flake size.
- Excellent first-stage expandable graphite test results for its flake concentrates in August. The program, completed by German group Dorfner Anzaplan, concluded that Mahenge concentrate was superior to Chinese sourced expandable graphite, and confirmed the potential of Mahenge graphite to supply products with excellent expansion characteristics into the established market, presenting diversification opportunities to Black Rock Mining in a premium market segment.
- Initial spherical graphite testing conducted in Europe by an independent test laboratory using the Company's early generation 95.86% bulk concentrates exceeded high quality battery grade spherical graphite specifications. Samples were sent for evaluation in May 2016, prior to the Company achieving higher 99% TGC purity concentrates.
- The JORC Mineral Resource Estimate increased by 56% to 211.9Mt at 7.8% TGC due to the completion of infill drilling at Ulanzi and Cascades, with a higher grade portion of 44.2Mt @ 10.6% TGC
- A JORC Ore Reserve estimate for the Optimised Pre-Feasibility Study was completed, with a Probable Ore Reserve estimate encompassing Ulanzi and Cascades of 69.6Mt at 8.5%. This estimate covers 80% of the planned plant feed for the Optimised Pre-Feasibility Study.
- Graphite concentrate test work saw the production of 99.2% concentrates that were distributed to end users for evaluation with confirmation of high tap density for concentrate due to the thick nature of the graphite flakes. Chemical purification test work produced 99.95% TGC spherical graphite and thermal purification produced up to 99.999% pure concentrate. Significant progress was made manufacturing spherical graphite for battery test work with test cells currently under evaluation and test results to be reported in the first half of 2017.

The PFS for the Mahenge Graphite Project was prepared by independent engineering firm Battery Limits Ltd, a project development and consulting engineering group with significant experience in the graphite sector. The PFS confirmed the project's outstanding potential as a long life, low capex, high margin operation.



CHIEF EXECUTIVE OFFICER'S REPORT

Table 1: Mahenge key investment parameters

PARAMETER	UNITS	STAGE 1	STAGE 2	STAGE 3	TOTAL
Commence operation	Y	1	3	5	
Nominal Mine Life	Y	31	29	27	**32**
Process Throughput	KT/Y	1,000	1,000	1,000	**3,000**
Nominal Ore Treated per stage	MT	31	29	26	**86**
Average Feed Grade	TGC%	8.1	8.1	8.5	**8.3**
Nominal strip ratio	WASTE : ORE	0.4	0.4	1.1	**0.7**
Recovery	%	93	93	93	**93**
Nominal Design Basis Concentrate Grade	TGC %	98 - 99	98 - 99	98-99	**98 - 99**
Nominal Design Basis Graphite Production	KT/Y	83	83	83	**250**

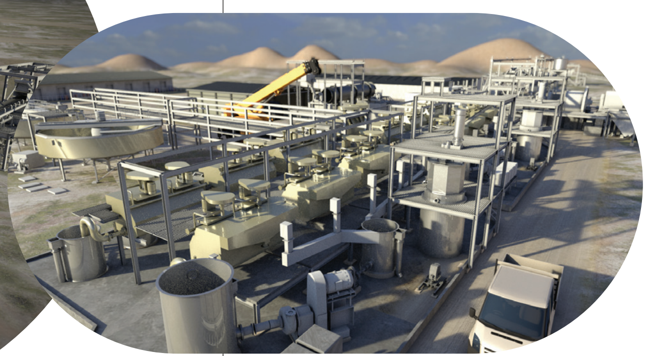
Table 2: Mahenge key project financial parameters

KEY FINANCIAL PARAMETERS		SINGLE MODULE	TWO MODULES	THREE MODULES	LOM
Commencement	(YEAR)	1 & 2	3+	5	
Capital Cost	(US$ M, REAL)	90.7	72.2	81.7	243.7
IRR - after tax	(%, NOMINAL)	35.3%	48.7%	50.1%	48.7%
NPV @ 10% - after tax	(US$ M, NOMINAL)	361	864	1,114	1114
NPV @ 10% - after tax 16% free carried, 1% inspection fee	(US$ M, NOMINAL)	291	592	905	905
Total Concentrate Sales	('000 T)	3,265	5,142	6,738	6,738
Cash Costs	(US$/T, REAL)	513	382	378	378

The Optimsed PFS built on the initial PFS released in June 2017 and the Scoping Study in 2016, also by BatteryLimits, confirming the technical viability of the project and its ability to deliver robust financial returns under various financial and operating scenarios.

Financial Highlights of the optimised PFS included:

- Post-tax unlevered project NPV_{10} of US$1.11bn (increasing from April 2017 PFS of US$624m)
- Post-tax, unlevered IRR of 50.1% (increasing from April 2017 of 48.2%)
- EBITDA in first full year of production US$220 million (EBITDA margin of 66%) (increasing from April 2017 PFS of US$135 million)
- Revised financial metrics incorporating a 16% Government free carry and increased royalty rate include:
  - Post-tax unlevered project NPV_{10} of US$905m
  - Post-tax, unlevered IRR of 45.1%
- Pre-production capex remains US$90.1m
- Steady state opex reduced to US$378 per tonne
- Realistic basket price assumption of US$1,241 per tonne delivering an operating margin of US$863 per tonne
- Total capex estimated at US$244m including a 15% contingency
- Construction on track to commence in 2018 with initial production in 2019



CHIEF EXECUTIVE OFFICER'S REPORT

Table 3: Mahenge Global Resource summary reporting table

CATEGORY	TONNES (MILLIONS)	TGC (%)	CONTAINED TGC (MILLIONS TONNES)
Measured	25.5	8.6	2.2
Indicated	88.1	7.9	6.9
Inferred	98.3	7.6	7.4
TOTAL	211.9	7.8	16.6

Table 4: Resource breakdown by prospect

PROSPECT	CATEGORY	TONNES (MILLIONS)	TGC (%)	CONTAINED TGC (MILLIONS TONNES)
Ulanzi	Measured	13.3	8.9	1.2
	Indicated	49.7	8.2	4.1
	Inferred	50.2	8.1	4.1
	Sub-total	113.3	8.2	9.3
Epanko	Measured	12.1	8.3	1.0
	Indicated	20.8	8.3	1.7
	Inferred	27.3	7.9	2.2
	Sub-total	60.2	8.1	4.9
Cascades	Measured			
	Indicated	17.6	6.4	1.1
	Inferred	20.8	5.9	1.2
	Sub-total	38.4	6.1	2.4
COMBINED	MEASURED	25.5	8.6	2.2
	INDICATED	88.1	7.9	6.9
	INFERRED	98.3	7.6	7.4
	TOTAL	211.9	7.8	16.6

Mining will be by conventional open-cut mining techniques. Waste will primarily be used for tailings dam wall construction, or will be stacked in waste dumps to form integrated landforms.

Processing will be by well-proven crushing, grinding and flotation methods, with the plant development in two stages, comprising:

Stage One processing plant and infrastructure at a nominal design basis rate of 1 Mt/y to produce up to 83 kt/y graphite concentrate in the first two years of production. Plant is based at Ulanzi pit.

Stage Two a second 1Mt/y plant and associated additional infrastructure doubling throughput to 2Mt/y and graphite concentrate production to 167kt/y from Year 3 of operation. Plant is based at Ulanzi pit.

Stage Three a third 1Mt/y plant and associated additional infrastructure increasing throughput to 3Mt/y and graphite concentrate production of up to 250 kt/y from Year 3 of operation. Plant is based at Cascades pit and includes dedicated tailings management system.

The Ore Reserve used in the PFS for mine design is based upon the updated Mineral Resource estimate ("MRE"), calculated by Trepanier Pty Ltd and released to the ASX in June 2017.

The total mineral resource is 212Mt @ 7.8% TGC, including a high grade proportion of 46.6Mt @ 10.6% TGC. The Ulanzi mineral resource is estimated to be 111Mt @ 8.2% TGC. The Cascades mineral resource is estimated to be 46.6 @ 10.6% TGC.

In summary, total Resource includes 16.6Mt of contained graphite, with 12% of resource tonnes in the Measured and 42% in the Indicated categories.

On the basis of these results, the Mahenge Project is the fourth largest JORC-compliant graphite mineral resource in the world. (Refer ASX Announcement 6 October 2016).

CHIEF EXECUTIVE OFFICER'S REPORT

The PFS contemplates an initial mine life of 31 years, based on Probable Ore Reserves and an assumed conversion of Inferred Resource to ore.

The Ore Reserve is based on a processing cut-off which varies by deposit (based on the different financial parameters for each). The processing cut-off grades are 7.0% TGC for Ulanzi and 3.8% TGC for Cascade. Cut off grades have been determined from an analysis determining that 8.9% total feed grade delivering the maximum NPV for the project. Economic cut off grades are significantly lower, and lower than the cut-off grades used in reporting the Mineral Resource.

The Ore Reserve estimate is based on the conversion of the total resource inventory contained within the pit as either Measured or Indicated converting to Probable Ore Reserve, subject to the application of modifying factors. Pit shells used in Reserve estimation, have all Inferred material reclassified as waste. Irrespective of the geological confidence expressed in the Resource estimate, the Ore Reserve estimate will continue to be classified as Probable, until mining and export licences are granted, and firm sales contracts are in place.

The Ore Reserve estimate, is based upon a basket price of US$1,174 per tonne of graphite concentrate averaged over graphite products as in Table 7. The basket price selected for Ore Reserve determination has referenced the basket price selected for project evaluation, that being the three-year trailing price FOB China with a freight normalisation of $40/tonne applied. A conservative price modification has been applied to the fines fraction as a provision should the purity price premium not fully translate to the fines fraction. This is considered conventional practice, where an Ore Reserve estimate references a lower price protocol relative to the business valuation.

The Company progressed an Optimisation Study of the Mahenge PFS during the Financial Year, that considered the impact of additional drilling at Cascades, and continued expansion through a third module (Crawl, Walk, Run strategy).

Black Rock Mining has completed a non-exhaustive assessment of key aspects of potential financing and operational impacts of the proposed legislation, based on the legislation and accompanying information currently available and understood. This assessment is subject to further interpretation through the consultation phase and when regulations become available.

Black Rock achieved several other important results in 2017 following release of the PFS. These included:

- Flowsheet optimisation, which achieved up to 99.6% purity, validating the Mahenge PFS (which cited 98%-99% concentrated grade) and recovery of coarser flake; excellent results achieving purity of 99.6%C(t), and 98.5% C(t) for Ulanzi oxide ore with an increase in very coarse flake retention; and improved flotation results were achieved with a simplified flowsheet, potentially lowering Mahenge capital and operating costs.
- Industry-leading spheronising graphite yields, with flake concentrates from Mahenge delivered an optimised 60% spheronising yield - almost double the yield of current spheronising operations on tests completed by Dorfner Anzaplan on samples from 99% purity concentrates from Black Rock's optimised processing. This excellent result, which included shape, specific surface area and tap densities that exceeded battery maker specifications, indicated significant cost savings could be achieved by using Mahenge graphite as a feed stock. Black Rock plans to trial an adaptation to the current spheronising process which has potential to significantly improve yields yet again.
- Industry-leading battery test results from a US ISO-accredited test facility, with 130-cycle battery cell tests demonstrating superior performance characteristics, and testing increased to 500 cycles. Over a 130-cycle charge/discharge programme, Black Rock's test cells demonstrated consistently higher charge capacity and flatter performance curves than a leading coated spherical graphite used as a comparison. This is believed to occur due to the purer and thicker Mahenge graphite flakes which are more stable in cell use than thin flakes. The results of battery testing confirmed Mahenge graphite has the potential to enable battery manufacturers to produce more stable lithium-ion batteries (LIBs) at a lower cost and longer cycle life, and it has the potential to displace synthetic graphite in LIBs.
- Signing a partnering Memorandum of Understanding ("MOU") with Meiwa Corporation of Japan, a joint venture partner in a spherical graphite production facility in China, to evaluate viability of a long-term commercial relationship.
- Signing a MOU with Yingkou Botian Material Technology Limited Company ("Botian"), a Chinese spherical graphite manufacturing and marketing company with manufacturing capability in Liaoning Province, China, which has significant experience in marketing and manufacturing spherical graphite and expressed interest in purchasing 50,000 tonnes per annum of graphite concentrates from the Mahenge Graphite Project, contingent upon demonstrating acceptable concentrate quality for battery grade spherical graphite. The MOU establishes a framework for Black Rock and Botian to evaluate the commercial viability of a long-term commercial arrangement for the sale of graphite concentrates to Botian, the production and marketing of spherical graphite, and working together on research and development.

CHIEF EXECUTIVE OFFICER'S REPORT

Subsequent to year-end, significant reforms have been made to the laws governing the Mining industry in Tanzania and investments in mining projects. The Tanzanian Parliament passed three bills through Parliament being the Natural Wealth and Resources (Permanent Sovereignty) Act 2017, the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act 2017 and the Written Laws (Miscellaneous Amendments) Act 2017.
All bills have passed the legislature, and have been promulgated by the President of Tanzania, His Excellency Dr John Magufuli.

The Company is keen to work with the Government to implement these reforms and continue development of the Mahenge Project. The company's understanding of the Government's objectives behind the reforms, are as follows:

- provide transparency in the agreements reached between the Government and mining companies for the development of mining projects;
- provide clarity in relation to the basis on which mining projects are developed in Tanzania;
- provide for fair and reasonable terms for the development of mining projects;
- provide opportunities for participation and investment in mining projects in Tanzania by Tanzanian citizens;
- provide certainty for customers, lenders and sponsors of projects in relation to the legal framework governing the development of projects through the mechanism of entering binding agreements for the development of projects approved by Parliament.

The company has engaged with the government on resolving how to implement the reforms.
We remain confident that a workable resolution will be available within the medium term.

John de Vries
CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

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 2017. 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
Stephen Copulos (Non-Executive Chairman)	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. Mr Copulos held directorships with the following listed companies in the 3 years immediately prior to the date of this report.

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	PARTICULARS
John de Vries (Executive Director CEO)	Mr de Vries has over 30 years' experience in the mining industry. He started his career in 1984 working for WMC Resources and held operational roles such as Underground Manager, Senior Mining Engineer and Manager Mining. In 1998, he moved to AMC Consultants to become a Principal Mining Engineer responsible for Mine Optimisation. In 2003, he joined Orica Mining Services as Global Business Manager, Advanced Mining Solutions, before moving to BHP Billiton in 2007 as the Manager Strategic Mine Planning. Most recently from 2011 to 2015, he was General Manager Technical Services for St Barbara. After his success with St Barbara, Mr de Vries took an 18 month sabbatical before joining Black Rock Mining. Mr de Vries holds a Bachelor of Engineering, Mining, a Masters of Science in Mineral Economics, a Graduate Diploma in Economic Geology, a Graduate Diploma in Financial Markets and is Advisory Committee Member-Mining of MRIWA. Mr de Vries holds a WA First Class Mine Managers Certificate of Competency. He is a member of the AusIMM, a fellow of FINSIA and a member of SME.
Gabriel Chiappini (Non-Executive Director and Company Secretary)	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. 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. Mr Chiappini held directorships with the following listed companies in the 3 year immediately prior to the date of this report.

NAME		DATE APPOINTED	DATE RESIGNED
Fastbrick Robotics Limited	- Non-Executive Director	15 December 2011	Current
	- Non-Executive Chairman	21 March 2012	18 November 2015
Interpose Holdings Limited		12 August 2015	Current
Scotgold Resources Limited		27 May 2016	20 May 2017
Global Geoscience Limited		3 November 2015	23 May 2017

NAME	PARTICULARS
Steven Tambanis (Previous Director)	Mr Tambanis was the previous Managing Director of the Company until his resignation on 24 April 2017.

DIRECTORS' REPORT

INFORMATION ABOUT THE DIRECTORS *(CONTINUED)*

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

NAME	RESIGNATION/APPOINTMENT DATE
John de Vries	Appointed: 24 April 2017
Steven Tambanis	Resigned: 24 April 2017

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 of Tanzania.

The Company announced a JORC compliant Mineral Resource Estimate of 211.9m tonnes at 7.8% TGC for 16.6m tonnes of contained Graphite, making this one of the largest JORC compliant flake graphite Mineral Resource Estimates globally. Over 50% of the Mineral Resource is in the Measured and Indicated categories. In April 2017, Black Rock announced results of a Preliminary Feasibility Study (PFS) and followed this up with an optimised PFS on 8 August 2017 for its Mahenge Graphite Project which confirmed its potential as a long-life, low capex, high margin operation.

The optimised PFS estimated a post-tax, unlevered, internal rate of return ("IRR") for the Project of 45.1%; and a net present value (NPV) using a discount rate of 10% (NPV_{10}) of US$905m. Black Rock confirms, the key assumptions used in the PFS have not materially changed and that the material assumptions continue to apply per the Optimised study.

PFS announcement released to the ASX on 8 August 2017. Black Rock confirms that it's optimised PFS has allowed for the proposed Tanzanian legislative changes relating to 16% free carry position of the Tanzanian Government and the royalty fee increasing to 4.3%. Subject to clarification on Tanzanian legislative changes, Black Rock is moving towards commencing a Definitive Feasibility Study (DFS). With a successful DFS and associated financing, construction could commence in 2018 with first production in 2019.

For further information on the company's development pathway, please refer to the company's website at the following link: http://www.blackrockmining.com.au and the corporate video presentation at http://www.blackrockmining.com.au/#video

REVIEW AND RESULTS OF OPERATIONS AND ACTIVITIES

RESULTS OF OPERATIONS

The consolidated loss after accounting after tax for the year ended 30 June 2017 was $2,590,371 (2016: $1,349,305). During 2017, the Company focused its objectives into developing its graphite assets. In FY16, Black Rock Mining was focused on exploration activities to establish an economic resource. In FY17 the company's main objective was to move into a development and strategic pathway to allow the company to then look to the establishment of mine. Some of the milestones achieved in FY17 and to the date of this report include;

- Optimised Pre Feasibilty Study – results of PFS includes an unlevered IRR of 45% with an NPV of US$905m using a discount rate of 10%, refer ASX announcement on 8 August 2017. The Optimised PFS also includes and allows for a 16% free carry in the project by the Governament of Tanzania and an increase in the royalty rate from 3.3% to 4.3%.
- Increase in Global Resource - making Mahenge one of the largest JORC compliant flake graphite Mineral Resource Estimates globally, refer ASX announcement 20 July 2017. The total Mahenge Graphite Project Mineral Resource increased to 211.9Mt @ 7.8% TGC with a high-grade portion of 46.6Mt @ 10.6% TGC
- Recruitment of Key Executive John de Vries as Chief Executive – appointed CEO in August 2017
- Customer discovery into battery supply chain with key memorandum of understandings with Miewa and Botian
- Peer leading battery cycle testing - potential to enable battery manufacturers to produce more stable lithium-ion batteries (LIBs) at a lower cost with a longer cycle life and our 200-cycle testing indicates it strongly outperforms commercially available products

CORPORATE AND FINANCIAL POSITION

Consolidated net assets at year-end were $15,541,101 against $10,046,769 at the close of the prior year. Total cash held at year-end was $2,139,779: (2016: $2,359,185).

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS AND ACTIVITIES *(CONTINUED)*

GRAPHITE RESOURCE, TANZANIA

In July 2017, Black Rock Mining announced an upgraded JORC compliant Mineral Resource Estimate of 211.9m tonnes at 7.8% TGC for 16.6m tonnes of contained Graphite, making this one of the largest JORC compliant flake graphite Mineral Resource Estimates globally. Over 50% of the Mineral Resource is in the Measured and Indicated categories.

PROSPECT	CATEGORY	TONNES (MILLIONS)	TGC (%)	CONTAINED TGC (MILLION TONNES)
Ulanzi	Measured	13.3	8.9	1.2
	Indicated	49.7	8.2	4.1
	Inferred	50.2	8.1	4.1
	Sub-total	113.3	8.2	9.3
Cascades	Measured	12.1	8.3	1.0
	Indicated	20.8	8.3	1.7
	Inferred	27.3	7.9	2.2
	Sub-total	60.2	8.1	4.9
Epanko	Measured			
	Indicated	17.6	6.4	1.1
	Inferred	20.8	5.9	1.2
	Sub-total	38.4	6.1	2.4
COMBINED	**MEASURED**	**25.5**	**8.6**	**2.2**
	INDICATED	**88.1**	**7.9**	**6.9**
	INFERRED	**98.3**	**7.6**	**7.4**
	TOTAL	**211.9**	**7.8**	**16.6**

PRE FEASIBILITY STUDIES

In April 2017, Black Rock Mining announced results of a Preliminary Feasibility Study (PFS) and followed this up with an optimised PFS on 8 August 2017 for its Mahenge Graphite Project. These studies confirmed that the company's flagship graphite project has the potential as a long-life, low capex, high margin operation.

The optimised PFS estimated a post-tax, unlevered, internal rate of return ("IRR") for the Project of 45.1%; and a net present value (NPV) using a discount rate of 10% (NPV_{10}) of US$905m. Black Rock confirms, the key assumptions used in the PFS have not materially changed and that the material assumptions continue to apply per the Optimised study. For further information on the optimised study please refer to the ASX announcement on 8 August 2017.

The Company is now focused on development of the project and working with all stakeholders to achieve the goal of getting Mahenge into production.

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

There have not been any significant changes in the State of Affairs of the Company. Black Rock Mining remains focused on developing its Graphite Mahenge Project in Tanzania. The Company is now moving into its development phase and looks forward to executing on its strategy to develop and bring Mahenge into production and in parallel penetrate the battery materials supply chain.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

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.

- On 24 August 2017, Black Rock Mining confirmed the appointment of Mr John de Vries as Chief Executive Officer. Mr de Vries had previously been the Chief Operating Officer and Interim Chief Executive Officer.
- On 8 August 2017, Black Rock Mining released to the ASX its Optimised Pre Feasibility Study (PFS). Results of the PFS includes an unlevered IRR of 45% with an NPV of US$905m using a discount rate of 10%, refer ASX announcement on 8 August 2017. The Optimised PFS also includes and allows for a 16% free carry in the project by the Governament of Tanzania and an increase in the royalty rate from 3.3% to 4.3%.
- On 20 July 2017, Black Rock Mining announced an increase in its Global Resource, making Mahenge one of the largest JORC compliant flake graphite Mineral Resource Estimates globally. The total Mahenge Graphite Project Mineral Resource increased to 211.9Mt @ 7.8% TGC with a high-grade portion of 46.6Mt @ 10.6% TGC
- On 12 July 2017, the Company provided the ASX with an update on the legislative changes to the mining sector in Tanzania. The changes are yet to be formalised by way of a new mining code and set of regulations. Some of the changes passed by the Tanzanian Parliament include, the right to a free carried position of 16%, an increase in royalty rate to 4.3%, claw back of any tax concessions provided to the mining sector and requirement to investigate a listing on the Dar es Salaam Securities Exchange. For further details please refer to the ASX announcement on 12 July 2017. The company is presently working through the changes and awaits further updates from the Government of Tanzania and in particular the updated mining code and regulations.
- On 22 September the Company announced that it had cancelled 5,000,000 unlisted options with a vesting date of 30 November 2019 at $0.20 and replaced them with a new issue of 5,000,000 unlisted options with a vesting date of 31 August 2020 $0.10. The Options may only be exercised where the following vesting conditions have been satisfied:
  (a) in relation to the first 1,250,000 Options - the Company's shares have traded at 10c or over for 10 trading days;
  (b) in relation to the next 1,250,000 Options - the Company's share have traded at 20c or over for 10 trading days;
  (c) in relation to the next 1,250,000 Options - the Company's share have traded at 30c or over for 10 trading days; and
  (d) in relation to the last 1,250,000 Options - the Company's share have traded at 40c or over for 10 trading days.

FUTURE DEVELOPMENTS

Black Rock Mining remains focused on developing its Graphite Mahenge Project in Tanzania. The Company is now moving into its development phase and looks forward to executing on its strategy to develop and bring Mahenge into production and in parallel penetrate the battery materials supply chain. For further details on the strategy please refer to the Company's Optimised PFS announcement on 8 August 2017.

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 DATE OF SIGNING
Listed options	
Expiring 30 November 2018 at $0.075	33,966,655
	33,966,655

DIRECTORS' REPORT

SHARE OPTIONS *(CONTINUED)*

SHARE OPTIONS ON ISSUE *(CONTINUED)*

	CLOSING BALANCE AT DATE OF SIGNING
Unlisted options	
Expiring 19 January 2018 at $0.20	3,300,003
Expiring 12 April 2020 at $0.20	5,000,000
Expiring 31 August 2020 at $0.10	5,000,000
	13,300,003

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.

PERFORMANCE RIGHTS

PERFORMANCE RIGHTS GRANTED TO DIRECTORS

During and since the end of the financial year, a total of 8,400,000 performance rights were granted to directors of the Company in November 2016 and March 2017.

DIRECTOR	NO. OF PERFORMANCE RIGHTS GRANTED	ISSUING ENTITY	NO. OF ORDINARY SHARES PER PERFORMANCE RIGHTS
Gabriel Chiappini	1,800,000	Black Rock Mining	1,800,000
Stephen Copulos	1,800,000	Black Rock Mining	1,800,000
John de Vries	2,400,000	Black Rock Mining	2,400,000
Steven Tambanis	2,400,000	Black Rock Mining	2,400,000
	8,400,000		8,400,000

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
Gabriel Chiappini	5,025,000					1,800,000
- Listed Options		266,666	9 May 2016	30 Nov 2018	$0.075	
John de Vries	-					2,400,000
Stephen Copulos	93,796,003					1,800,000
- Listed Options		6,666,666	9 May 2016	30 Nov 2018	$0.075	
Steven Tambanis	10,186,315					2,400,000
- Listed Options		400,000	9 May 2016	30 Nov 2018	$0.075	

DIRECTORS' REPORT

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 Stephen Copulos (Non-Executive Chairman), Mr John de Vries (Executive Director), Mr Gabriel Chiappini (Non-Executive Director) and Mr Steven Tambanis (former Managing 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' 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
Stephen Copulos	12	11
Gabriel Chiappini	12	12
John de Vries	3	3
Steven Tambanis (former director)	9	8

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 19 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 19 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.

DIRECTORS' REPORT

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 2017. 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
- other information

KEY MANAGEMENT PERSONNEL

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

Stephen Copulos	Non-Executive Chairman	Appointed 22 January 2015
John de Vries	Executive Director	Appointed 24 April 2017
Gabriel Chiappini	Non Executive Director	Appointed 21 March 2012
	Company Secretary	Appointed 12 July 2013
Steven Tambanis	Former Managing Director	Appointed 22 January 2015 Resigned 24 April 2017

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.

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

DIRECTORS' REPORT

REMUNERATION REPORT *(CONTINUED)*

ELEMENTS OF DIRECTOR AND EXECUTIVE REMUNERATION *(CONTINUED)*

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:

2017	SHORT TERM EMPLOYEE BENEFITS - SALARY AND FEES	OTHER (iii)	POST EMPLOYMENT BENEFITS - SUPER-ANNUATION	SHARE BASED PAYMENT	TOTAL	% LINKED TO PERFORMANCE
	$		$	$	$	
Stephen Copulos	108,333	-	-	90,547	198,880	45.5%
John de Vries (i)	130,023	7,696	12,352	56,806	206,877	27.5%
Gabriel Chiappini	67,500	-	-	90,546	158,046	57.3%
Steven Tambanis (ii)	261,667	16,016	26,167	128,066	431,916	29.7%
	567,523	23,712	38,519	365,965	995,719	

2016	SHORT TERM EMPLOYEE BENEFITS - SALARY AND FEES	OTHER (iii)	POST EMPLOYMENT BENEFITS - SUPERANNUATION	SHARE BASED PAYMENT	TOTAL	% LINKED TO PERFORMANCE
	$		$	$	$	
Stephen Copulos	100,000	-	-	118,888	218,888	54.3%
Steven Tambanis	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	

(i) Mr John de Vries remuneration package consists of an annual salary of $300,000 plus statutory superannuation and 2.4 million performance rights subject to satisfaction of milestones and continuous employment.

(ii) Mr Steven Tambanis resigned as director of the Company 24 April 2017. Prior to his resignation in September 2016, he renegotiated his contract to an annual salary of $330,000 plus 10% superannuation.

(iii) Other relates to accrual of annual leave benefits.

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 Executive 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.

DIRECTORS' REPORT

REMUNERATION REPORT *(CONTINUED)*

SHARE BASED PAYMENTS ARRANGEMENTS *(CONTINUED)*

Performance rights

PERFORMANCE RIGHTS ISSUED TO DIRECTORS IN THE FINANCIAL YEAR 2017:

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 PERFORMANCE RIGHTS	VALUE OF PERFORMANCE RIGHTS – TRANCHE A & B $	VALUE OF PERFORMANCE RIGHTS – TRANCHE C $	VALUE OF PERFORMANCE RIGHTS – TRANCHE D $	VALUE OF PERFORMANCE RIGHTS – TRANCHE E $	TRANCHE A PERFORMANCE RIGHTS	TRANCHE B PERFORMANCE RIGHTS	TRANCHE C PERFORMANCE RIGHTS	TRANCHE D PERFORMANCE RIGHTS	TRACHE E PERFORMANCE RIGHTS
Stephen Copulos	1,800,000	162,000	64,800	-	-	600,000	600,000	600,000	-	-
Gabriel Chiappini	1,800,000	162,000	64,800	-	-	600,000	600,000	600,000	-	-
John de Vries	2,400,000	-	-	150,000	139,200	-	-	-	1,200,000	1,200,000
Steven Tambanis	2,400,000	216,000	86,400	-	-	800,000	800,000	800,000	-	-

PERFORMANCE RIGHT	GRANT DATE	EXPIRY DATE	FAIR VALUE AT GRANT DATE	EXERCISE PRICE
Tranche A	30 November 2016	31 December 2018	$0.135	Nil
Tranche B	30 November 2016	31 December 2018	$0.135	Nil
Tranche C	30 November 2016	31 December 2018	$0.108	Nil
Tranche D (400,000)	1 March 2017	1 March 2018	$0.125	Nil
Tranche D (400,000)	1 March 2017	1 March 2019	$0.125	Nil
Tranche D (400,000)	1 March 2017	1 March 2020	$0.125	Nil
Tranche E (400,000)	1 March 2017	1 March 2018	$0.125	Nil
Tranche E (400,000)	1 March 2017	1 March 2020	$0.125	Nil
Tranche E (400,000)	1 March 2017	1 March 2020	$0.098	Nil

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

(i) Tranche A : The Company announces a binding offtake agreement or aggregate binding offtake agreement totalling 50% or more of the current targeted production as outlined in the Company's scoping study, as announced on 22 March 2016, on or before 31 December 2016;

(ii) Tranche B : The delivery of a positive definitive feasibility study by the Company on its Mahenge project in Tanzania that matches or exceeds the economic model as disclosed in the scoping study released 22 March 2016; and

(iii) Tranche C : The Company achieving a target share prices of $0.30 based on a 10 day VWAP.

(iv) Tranche D : Subject to the Executive's continuous employment and will vest over 3 years.

(v) Tranche E : 400,000 will vest upon the Company delivering a Definitive Feasibility Study in relation the Company's Mahenge project on or before 1 March 2018; 400,000 will vest upon, to the satisfaction of the Board, the establishment of a development team to take the Mahenge project into construction; and 400,000 will vest upon the Company achieving a closing share price of $0.45 based on a 10 day VWAP.

	OPENING BALANCE	GRANTED IN PERIOD	CONVERTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE	NO. OF ORDINARY SHARES ISSUED	AMOUNT PAID	VALUE OF SHARES ISSUED
Tranche A	-	2,000,000	-	(2,000,000)	-	-	Nil	-
Tranche B	-	2,000,000	-	-	2,000,000	-	Nil	-
Tranche C	-	2,000,000	-	-	2,000,000	-	Nil	-
Tranche D		1,200,000	-	-	1,200,000	-	Nil	-
Tranche E		1,200,000	-	-	1,200,000	-	Nil	-
	-	8,400,000	-	(2,000,000)	6,400,000	-	Nil	-

DIRECTORS' REPORT

REMUNERATION REPORT *(CONTINUED)*

SHARE BASED PAYMENTS ARRANGEMENTS *(CONTINUED)*

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:

DIRECTORS	NUMBER OF PERFORMANCE RIGHTS	VALUE OF PERFORMANCE RIGHTS – TRANCHE A & B	VALUE OF PERFORMANCE RIGHTS – TRANCHE C	TRANCHE A PERFORMANCE RIGHTS	TRANCHE B PERFORMANCE RIGHTS	TRANCHE C PERFORMANCE 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 RIGHT	GRANT DATE	EXPIRY DATE	FAIR VALUE AT 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 August 2016, the Company announced its achievement of the 10 day VWAP milestone for Tranche C of these Performance Rights (see below).

	OPENING BALANCE	GRANTED IN PERIOD	CONVERTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE	NO. OF ORDINARY SHARES ISSUED	AMOUNT PAID	VALUE OF SHARES ISSUED
Tranche A	-	-	-	-	-	-	Nil	-
Tranche B	-	-	-	-	-	-	Nil	-
Tranche C	1,633,333	-	(1,633,333)	-	-	1,633,333	Nil	$66,000
	1,633,333	-	(1,633,333)	-	-	1,633,333	Nil	$66,000

Other information

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	$105,000	Payments to Laurus Corporate Services for financial services provided during the reporting period includes but not limited to management of the Company Secretarial function, Company's Corporate and Administration function, Accounting and Finance function, Capital Markets & Investor Relations, Compliance & Corporate Governance and ASX and ASIC requirements.

DIRECTORS' REPORT

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 2017:

	2017	2016	2015	2014	2013
Revenue ($'s)	**187,548**	11,602	80,616	29,681	33,539
Net loss before tax ($'s)	**(2,590,371)**	(1,349,305)	(995,121)	(2,428,562)	(6,060,248)
Net loss after tax ($'s)	**(2,590,371)**	(1,349,305)	(995,121)	(2,428,562)	(5,970,061)
Share Price at start of year	**$0.066**	$0.028	$0.02	$0.02	$0.04
Share Price at year end	**$0.066**	$0.066	$0.03	$0.02	$0.02
Loss per share	**$0.0384**	$0.005	$0.007	$0.026	$0.060

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:

2017	**ORDINARY SHARES**					
	1 JULY 2016	**PURCHASES**	**RECEIVED ON EXERCISE OF OPTIONS/ PERFORMANCE RIGHTS**	**SALES**	**OTHER CHANGES (i)**	**30 JUNE 2017**
Stephen Copulos	**71,480,172**	**6,265,833**	**16,049,998**	**-**	**-**	**93,796,003**
John de Vries	**-**	**650,000**	**-**	**-**	**-**	**650,000**
Gabriel Chiappini	**3,383,335**	**266,667**	**1,374,998**	**-**	**-**	**5,025,000**
Steven Tambanis	**7,219,649**	**210,000**	**2,766,666**	**-**	**(10,186,315)**	**-**

(i) Balance at time of ceasing to be a Key Management Personnel.

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:

2017	**1 JULY 2016**	**OPTIONS GRANTED FREE ATTACHING**	**OPTIONS GRANTED AS REMUNERATION**	**OPTIONS LAPSED**	**OTHER CHANGES**	**30 JUNE 2017**	**VESTED AND EXERCISABLE AT 30 JUNE 2017**	**VESTED DURING THE YEAR**
Stephen Copulos	**1,291,080**	**-**	**-**	**-**	**-**	**1,291,080**	**1,291,080**	**-**
John de Vries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gabriel Chiappini	**75,000**	**-**	**-**	**-**	**(75,000)**	**-**	**-**	**-**
Steven Tambanis	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

DIRECTORS' REPORT

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

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:

2017	1 JULY 2016	OPTIONS GRANTED FREE ATTACHING	OPTIONS EXERCISED	SALES	OTHER CHANGES (i)	30 JUNE 2017
Stephen Copulos	**21,666,666**	**-**	**(15,000,000)**	**-**	**-**	**6,666,666**
John de Vries	**-**	**-**	**-**	**-**	**-**	**-**
Gabriel Chiappini	**516,666**	**-**	**(250,000)**	**-**	**-**	**266,666**
Steven Tambanis	**1,400,000**	**-**	**(1,000,000)**	**-**	**(400,000)**	**-**

(i) Balance at time of ceasing to be a Key Management Personnel.

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:

2017	1 JULY 2016	PERFORMANCE RIGHTS GRANTED	PERFORMANCE RIGHTS EXERCISED	OTHER CHANGES (i)	30 JUNE 2017
Stephen Copulos	**1,049,998**	**1,800,000**	**(1,049,998)**	**-**	**1,800,000**
John de Vries	**-**	**2,400,000**	**-**	**-**	**2,400,000**
Gabriel Chiappini	**1,049,998**	**1,800,000**	**(1,049,998)**	**-**	**1,800,000**
Steven Tambanis	**1,766,666**	**2,400,000**	**(1,766,666)**	**(2,400,000)**	**-**

(i) Balance at time of ceasing to be a Key Management Personnel

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 Copulos

Stephen Copulos
CHAIRMAN

28 September 2017

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

28 September 2017

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 consolidated financial statements of Black Rock Mining Limited for the financial year ended 30 June 2017, 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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Continuing operations			
Interest income		**8,081**	11,602
Government Grants		**179,467**	-
Administration expenses		**(901,015)**	(536,278)
Employee benefit expense		**(445,071)**	(178,959)
Consulting expense		**(1,258,721)**	(458,488)
Depreciation and amortisation expense		**(3,442)**	-
Net foreign currency exchange differences		**(34,510)**	15,703
Other expenses from ordinary activities		**(361,270)**	(160,947)
Impairment of investments		**(1,030,856)**	-
Deferred exploration written off		**-**	(274,816)
Loss before tax		**(3,847,337)**	(1,582,183)
Income tax benefit	6	**-**	-
Loss for the year from continuing operations		**(3,847,337)**	(1,582,183)
Discontinued operations			
Profit for the year from discontinued operations	7	**1,256,966**	232,878
LOSS FOR THE YEAR		**(2,590,371)**	(1,349,305)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**27,144**	(100,623)
Income tax on other comprehensive income	6	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED		**(2,563,227)**	(1,449,928)
Loss for the year attributable to owners of the Company		**(2,590,371)**	(1,349,305)
Total comprehensive income attributable to the owners of the Company		**(2,563,227)**	(1,449,928)
Loss per share			
From continuing and discontinuing operations			
Basic and diluted loss per share	22	**($0.1176)**	($0.0055)
From continuing operations			
Basic and diluted loss per share	22	**($0.0794)**	($0.0064)

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 2017

	NOTE	AS AT 30/06/2017 $	AS AT 30/06/2016 $
ASSETS			
Current assets			
Cash and bank balances	9	**2,139,779**	2,359,185
Trade and other receivables		**37,880**	24,628
		2,177,659	2,383,813
Assets classified as held for sale	8	**-**	428,462
Total current assets		**2,177,659**	2,812,275
Non-current assets			
Exploration & evaluation asset	11	**13,540,833**	7,639,211
Property, plant and equipment		**26,425**	3,887
Other financial assets	12	**477,357**	105,300
Total non-current assets		**14,044,615**	7,748,398
Total assets		**16,222,274**	10,560,673
LIABILITIES			
Current liabilities			
Trade and other payables	13	**628,600**	485,043
Provisions		**52,573**	28,861
Total current liabilities		**681,173**	513,904
Total liabilities		**681,173**	513,904
Net assets		**15,541,101**	10,046,769
Equity			
Issued capital	14	**47,925,610**	40,253,116
Reserves	15	**2,378,713**	1,966,504
Accumulated losses	16	**(34,763,222)**	(32,172,851)
Total equity		**15,541,101**	10,046,769

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 2017

	NOTE	ISSUED CAPITAL $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	FOREIGN CURRENCY RESERVE $	**TOTAL EQUITY $**
Balance at 30 June 2015		**36,274,617**	**(30,846,306)**	**871,015**	**(58,657)**	**6,240,669**
Loss for the year		-	(1,349,305)	-	-	**(1,349,305)**
Other comprehensive income for the year, net of tax		-	-	-	(100,623)	**(100,623)**
Total comprehensive income for the year		-	(1,349,305)	-	(100,623)	**(1,449,928)**
Issue of ordinary shares		5,212,317	-	-	-	**5,212,317**
Reallocation of option reserve of free attaching options		(1,198,592)	-	1,198,592	-	**-**
Share based payment relating to capital raising costs		(68,790)		68,790		**-**
Cost of share capital issued		(387,636)	-	-	-	**(387,636)**
Issue of shares following vesting of performance rights		421,200	-	(421,200)	-	**-**
Options expired during the year		-	22,760	(22,760)	-	**-**
Fair value of share based payment		-	-	431,347	-	**431,347**
Balance at 30 June 2016	14,15,16	**40,253,116**	**(32,172,851)**	**2,125,784**	**(159,280)**	**10,046,769**
Loss for the year		-	(2,590,371)	-	-	**(2,590,371)**
Other comprehensive income for the year, net of tax		-	-	-	27,145	**27,145**
Total comprehensive income for the year		-	(2,590,370)	-	27,145	**(2,563,226)**
Issue of ordinary shares		7,170,248	-	-	-	**7,170,248**
Reallocation of option reserve of free attaching options		-	-	680,667	-	**680,667**
Cost of share capital issued		(329,711)	-	-	-	**(329,711)**
Issue of shares following vesting of performance rights		150,867	-	(150,867)	-	**-**
Options exercised during the year		681,090	-	(681,090)	-	**-**
Options expired during the year		-	-	(682)	-	**(682)**
Fair value of share based payment		-	-	537,036	-	**537,036**
Balance at 30 June 2017	14,15,16	**47,925,610**	**(34,763,222)**	**2,510,848**	**(132,135)**	**15,541,101**

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 2017

	NOTE	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Cash flow from operating activities			
Payments to suppliers and employees		**(1,614,295)**	(879,491)
Government grants received		**179,467**	-
Net cash flows used in operating activities	9	**(1,434,828)**	(879,491)
Cash flow from investing activities			
Exploration expenditure		**(5,860,569)**	(4,017,515)
Interest received		**8,081**	11,602
Payments for property, plant and equipment		**(25,980)**	(3,887)
Proceeds on sale of investment		**4,791**	238,450
Proceeds on sale of equity investments		**305,300**	-
Net cash flows used in investing activities		**(5,568,377)**	(3,771,350)
Cash flows from financing activities			
Proceeds from issue of shares and options		**7,130,250**	5,000,115
Payment of share issue costs		**(329,711)**	(393,502)
Net cash flows provided by financing activities		**6,800,539**	4,606,613
Net increase/(decrease) in cash held		**(202,666)**	(44,228)
Cash at the beginning of the financial year		**2,359,185**	2,489,586
Effect of exchange movement on cash balances		**(16,740)**	(86,173)
Cash and cash equivalents at the end of the year	9	**2,139,779**	2,359,185

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 2017

1 GENERAL INFORMATION

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 28 September 2017.

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 of $2,590,369 (30 June 2016: $1,349,305) and experienced net cash outflows from operating activities of $1,434,828 (30 June 2016: $879,491) and cash outflows from exploration and evaluation expenditure of $5,860,569 (30 June 2016: $4,017,515) for the year ended 30 June 2017.

During the financial period the consolidated entity deployed its working capital into its graphite prospects in Mahenge, Tanzania which resulted in the Company announcing an optimized pre-feasibility study. The Company has stated that its 2018 strategic objectives includes moving into its development phase to execute on its strategy to develop and bring Mahenge into production and in parallel penetrate the battery materials supply chain. 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 has a requirement for additional capital to invest in the Company's stated strategic objectives. As a result of the Tanzanian Government announced legislative changes to the mining industry, the Company reduced its operating cash outflows to a minimum which has allowed it to reduce its operating costs until it receives further clarity on the Tanzanian mining regulations and mining code.

The cash flow forecast for the period ending 30 September 2018 indicates that the consolidated entity is required to raise additional funding in order to continue its planned exploration and evaluation programme on its graphite prospects in Tanzania and to fund working capital.

The Directors are satisfied the going concern basis of preparation is appropriate through a continued focus on maintaining a tight control over its working capital outflows and the Company being able to secure funding sufficient to meet the company's requirements to continue as a going concern from the following sources:

- Capital & Equity Markets
- Current Shareholders
- Alternative financing sources

Based on the company's history of raising capital and subject to the general market conditions, the Directors are confident of the company's ability to raise additional capital, as required. Based on this and on the cash flow forecasts, the Directors believe that the going concern basis of preparation is appropriate.

Should the consolidated entity be unable to achieve the matters set out above, or otherwise reduce its operational spending in line with available cash resources, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities as and when they fall due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2016.

New and revised standards and amendments thereof and Interpretations effective for the current year end that are relevant to the Group include:

- *AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- *AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*
- *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvement to Australian Accounting Standards 2012-2014 Cycle*
- *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The application of these amendments has not had a material presentation impact on the financial performance or financial position of the Group.

2.2 STANDARDS AND INTERPRETATIONS ISSUED 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 ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	APPLICABILITY FOR YEAR ENDED
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 – Clarifications to AASB 15*	1 January 2018	30 June 2019
AASB 16 *Leases*	1 January 2019	30 June 2020
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* and 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 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
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	30 June 2019
AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments*	1 January 2018	30 June 2019
AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*	1 January 2017	30 June 2018
AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	30 June 2019

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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 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.

3.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 NON-CURRENT ASSETS HELD FOR SALE *(CONTINUED)*

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 a 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.

3.4 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:

3.4.1 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.

3.5 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.5 FOREIGN CURRENCIES *(CONTINUED)*

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.

3.6 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.

3.7 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").

3.8 TAXATION

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

3.8.1 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 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 TAXATION *(CONTINUED)*

3.8.2 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.

3.8.3 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.

3.9 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 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.10 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.

3.11 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.

3.12 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 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.12 FINANCIAL INSTRUMENTS *(CONTINUED)*

3.12.1 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.

3.12.1.1 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.

3.12.1.2 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.

3.12.1.3 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 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.12 FINANCIAL INSTRUMENTS *(CONTINUED)*

3.12.1 Financial Assets *(continued)*

3.12.1.4 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.

3.12.2 Financial liabilities

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

3.12.2.1 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.

3.12.2.2 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.

3.13 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 2017

4 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in note 3, 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.

4.1 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.

4.1.1 Classification and measurement of assets held for sale

Note 8 details that the consolidated entity entered into the binding agreement for the sale of its Ocean Hill Hydrocarbon Assets.

4.2 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.

4.2.1 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 3.10 and Impairment at note 3.11. In considering if an impairment event has been triggered the Company took into account positive results from its exploration programme and successful completion of the recent Optimisation Study , a JORC compliant resource and market capitalisation being well in excess of capitalised exploration costs.

4.2.2 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

5 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.

5.1 SEGMENT REVENUES AND RESULTS

2017	GRAPHITE	CORPORATE	FROM DISCONTINUED OPERATIONS	CONSOLIDATED
Interest	-	8,081	-	8,081
Total revenue	179,467	8,081	-	187,548
Profit (Loss) before tax (continuing operations)	51,406	(3,898,742)	272,609	(3,574,727)
Fixed asset additions	13,208	12,773	-	25,981
Depreciation	2,181	1,261	-	3,442
Impairment	-	1,030,856	-	1,030,856

2017	GRAPHITE	CORPORATE	FROM DISCONTINUED OPERATIONS	CONSOLIDATED
Total segment assets	10,304,495	5,912,824	4,955	16,227,229
Total segment liabilities	442,011	239,161	1	681,174

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 DISCONTINUED 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

5.2 GEOGRAPHICAL SEGMENTS

2017	TANZANIA	AUSTRALIA	HUNGARY (DISCONTINUED)	AUSTRALIA (DISCONTINUED)	CONSOLIDATED
Interest	-	8,081	-	-	8,081
Total revenue	179,467	8,081	-	-	187,548
Non-current assets	10,291,646	3,752,969	-	-	14,044,615

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

6 INCOME TAXES RELATING TO CONTINUING OPERATIONS

(a) Income tax (benefit)/expense	**FOR THE YEAR ENDED 30/06/2017 $**	FOR THE YEAR ENDED 30/06/2016 $
Current tax	**-**	-
Deferred tax	**-**	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations	**(3,847,335)**	(1,582,183)
Profit from discontinuing operations	**1,256,966**	232,878
Loss from operations	**(2,590,369)**	(1,349,305)
Prima facia tax benefit at 27.5% (2016: 30%)	**(712,352)**	(404,791)
Share based payments	**147,685**	130,551
Non-deductible expenditure	**313,550**	86,452
Research and development tax rebate	**(49,353)**	-
Movement in unrecognised temporary differences	**(31,622)**	38,839
Unused tax losses for which no deferred tax asset has been recognised	**332,092**	148,950
Income tax benefit	**-**	-
(c) Recognised deferred tax assets and liabilities		
Recognised deferred tax assets comprise:		
Other temporary differences	**150,148**	202,403
Tax losses available for offset against future taxable income	**746,411**	-
Deferred tax assets on temporary differences not recognised	**-**	(198,062)
	896,559	4,341
Recognised deferred tax liabilities comprise:		
Exploration and evaluation	**896,559**	-
Unrealised foreign exchange movements	**-**	4,341
	896,559	4,341

Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised are $15,613,416 (2016: $16,829,644). Potential tax benefit is $4,293,689 (2016: $5,048,893). 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 2017 (2016: 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 2017

7 DISCONTINUED OPERATIONS

7.1 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 disposal represents the final oil and gas asset held by the Company. Refer to Note 8 for further details.

7.2 ANALYSIS OF PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The combined results of the discontinued operations (i.e. hydrocarbon) 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 YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Loss for the year from discontinued operations		
Revenue	**1,268,236**	-
Administration expense	**(422)**	(2,080)
Consulting expense	**(29,539)**	(2,241)
Net foreign exchange loss	**17,770**	(1,251)
Gain on disposal of interest in former associate	**920**	238,450
Profit / (Loss) for the year from discontinued operations (attributable to owners of the Company)	**1,256,965**	232,878

	FOR THE Y EAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	**(18,918)**	(1,105)
Net cash inflows/(outflows) from investing activities	**-**	222,371
Net cash inflows/(outflows) from financing activities	**-**	-
	(18,918)	221,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

8 ASSETS CLASSIFIED AS HELD FOR SALE

	FOR THE YEAR ENDED 30/06/2017	FOR THE YEAR ENDED 30/06/2016
	$	$
Ocean Hill Hydrocarbon	-	428,462
	-	428,462

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 ("CPRS") in UIL Energy Limited on 20 September 2016. These CRPS are convertible to ordinary shares in UIL Energy on the event of successful results from drilling Ocean Hill #2 well. Success is defined to include testing a flow of natural gas at commercial rates and sufficient long term gas flow rates to support development of a gas operation. The Company can also redeem these shares at face value of $0.000001 per CRPS if the performance milestone for conversion is not satisfied by 31 December 2019. The 7,309,504 fully paid ordinary shares are held in voluntary escrow for a period of 6 months from issue.

On completion of the sale, the Company has recognised a profit on disposal of $1,268,236.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

9 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 YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Cash and bank balances	**2,139,779**	2,359,185
	2,139,779	2,359,185

9.1 RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Loss after income tax	**(2,590,370)**	(1,349,305)
Depreciation and amortisation of non-current assets	**3,442**	-
Share based payments to key management personnel	**-**	431,347
Share based payments to consultants	**-**	124,200
Net foreign exchange gain/(loss)	**(17,770)**	(14,452)
Investment revenue recognised in profit or loss	**(8,081)**	(11,602)
Exploration expenditure paid in shares	**40,000**	86,000
Gain on disposal of investment	**(920)**	(238,450)
Impairment of investments	**1,030,856**	-
	(1,542,843)	(972,262)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	**(13,252)**	55,400
Increase/(decrease) in trade and other payables	**97,556**	16,206
Increase/(decrease) in employee entitlements provision	**23,711**	21,165
Net cash used in operating activities	**(1,434,828)**	(879,491)

9.2 NON CASH TRANSACTIONS

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Investing activity		
Payment for acquisition of Tanzanian Graphite Assets – through the issue of shares	**-**	(86,000)
Payment for services rendered by consultants through the issue of shares	**(720,667)**	-
Receipt of shares in exchange for sale of asset	**1,030,856**	-
Financing activity		
Payment for services rendered by consultants – issue of share	**-**	(124,200)
Performance rights exercised into shares	**(537,036)**	(421,200)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

10 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 30/06/2017	FOR THE YEAR ENDED 30/06/2016
Green Rock Energy International Pty Ltd	Australia	**100%**	100%
Green Rock (Vulcan) Energy Kft	Hungary	**100%**	100%
Mahenge Resources Limited	Tanzania	**100%**	100%
GRE Geothermal 1 Pty Ltd (i)	Australia	**0%**	100%
Green Rock Geothermal Pty Ltd (i)	Australia	**0%**	100%
Green Heat Resources Pty Ltd (ii)	Australia	**0%**	100%

(i) These Companies were deregistered on 21 August 2016.

(ii) This Company was deregistered on 17 May 2017.

11 EXPLORATION AND EVALUATION ASSET

In the exploration phase	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Balance at beginning of year	**7,639,211**	3,404,600
Expenditure incurred during the year (at cost)	**5,901,622**	4,509,427
Exploration and evaluation expenditure written off	**-**	(274,816)
Balance at end of year	**13,540,833**	7,639,211

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 remaining balance of $13,540,833 (2016: $7,639,211) at reporting date represents the carrying value of its Graphite assets in Tanzania.

12 OTHER FINANCIAL ASSETS (NON-CURRENT)

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Other financial assets	**-**	105,300
Shares in Eneabba Gas Limited (at fair value)	**280,000**	-
Shares in UIL Energy Limited (at fair value)	**197,357**	-
	477,357	105,300

During the reporting period, the Group received investments in two entities (as detailed in note 8) with a fair value of $1,508,213. At 30 June 2017, these financial assets have been fair valued and assessed for impairment and an impairment loss of $1,030,856 has been recognised in the Statement of Profit or Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

13 TRADE AND OTHER PAYABLES

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Trade creditors	**93,684**	202,709
Accruals	**466,260**	281,334
Other liabilities	**68,655**	1,000
	628,599	485,043

Included in trade creditors and accruals is an amount of $425,960 (2016: $233,175) relating to exploration expenditure.

14 ISSUED CAPITAL

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
364,734,701 ordinary shares issued and fully paid (30 June 2016: 285,404,703)	**47,925,610**	40,253,116
	47,925,610	40,253,116

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 2017

14 ISSUED CAPITAL *(CONTINUED)*

14.1 FULLY PAID ORDINARY SHARES

	NUMBER OF SHARES	SHARE CAPITAL $
Balance at 1 July 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	5,233,333	302,500
Shares issued 28 January 2016 ($0.075 cents per share)	5,002,433	289,128
Shares issued 9 May 2016 ($0.054 cents per share	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
Shares issued 1 August 2016 (0.16 cents per share)	250,000	40,000
Shares issued 1 August 2016 (0.0396 cents per share) (i)	1,666,667	66,000
Shares issued 1 August 2016 (0.038 cents per share) (i)	2,233,333	84,867
Shares issued 5 August 2016 (0.075 cents per share)	833,332	62,500
Shares issued 5 August 2016 (0.05 cents per share)	30,000	1,500
Shares issued 17 August 2016 (0.05 cents per share)	300,000	15,000
Shares issued 23 August 2016 (0.075 cents per share)	33,333	2,500
Shares issued 13 September 2016 (0.075 cents per share)	500,000	37,500
Shares issued 21 September 2016 (0.15 cents per share)	31,833,333	4,775,000
Shares issued 17 November 2016 (0.075 cents per share)	150,000	9,000
Shares issued 17 November 2016 (0.05 cents per share)	100,000	5,000
Shares issued 17 November 2016 (0.06 cents per share)	150,000	9,000
Shares issued 28 November 2016 (0.06 cents per share)	75,000	4,500
Shares issued 19 December 2016 (0.15 cents per share)	1,500,000	225,000
Shares issued 21 February 2017 (0.05 cents per share)	180,000	9,000
Shares issued 6 March 2017 (0.05 cents per share)	2,345,026	117,251
Shares issued 10 March 2017 (0.05 cents per share)	1,798,000	89,900
Shares issued 17 March 2017 (0.05 cents per share)	965,170	48,259
Shares issued 20 March 2017 (0.05 cents per share)	200,000	10,000
Shares issued 24 March 2017 (0.05 cents per share)	26,916,804	1,345,840
Shares issued 31 March 2017 (0.05 cents per share)	7,270,000	363,500
Transfer to option premium reserve	-	681,088
Less: Capital raising costs	-	(329,711)
Balance at 30 June 2017	364,734,701	47,925,610

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

14 ISSUED CAPITAL *(CONTINUED)*

14.2 OPTIONS

	OPENING BALANCE	EXERCISED IN YEAR	GRANTED IN YEAR	EXPIRED IN YEAR	CLOSING BALANCE
Listed options					
Expiring 25 March 2017 at $0.05	40,145,000	(40,105,000)	-	(40,000)	-
Expiring 30 November 2018 at $0.075	35,333,320	(1,366,665)	-	-	33,966,655
	75,478,320	41,471,665	-	(40,000)	33,966,655

	OPENING BALANCE	EXERCISED IN YEAR	GRANTED IN YEAR	EXPIRED IN YEAR	CLOSING BALANCE
Unlisted options					
Expiring 28 November 2016 at $0.06	375,000	(375,000)	-	-	-
Expiring 19 January 2018 at $0.20	3,300,003	-	-	-	3,300,003
Expiring 30 November 2019 at $0.20	-	-	5,000,000	-	5,000,000
Expiring 12 April 2020 at $0.20	-	-	5,000,000	-	5,000,000
	3,675,003	(375,000)	10,000,000	-	13,300,003

Weighted average exercise price	$0.20

The weighted average remaining contractual life of options as at 30 June 2017 is 701 days (2016: 554 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

15 RESERVES (NET OF INCOME TAX)

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Reserves		
Share based payments reserve (i)	**2,510,849**	2,125,784
Foreign translation reserve (ii)	**(132,136)**	(159,280)
	2,378,713	1,966,504

(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 YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Balance at the beginning of the year	**2,125,784**	871,015
Add: Reallocation from share capital for free attaching options	**-**	1,198,592
Add: Share based payment relating to capital raising costs	**-**	68,790
Add: Share based payments to consultants	**680,667**	-
Add: Amounts expensed in the current year	**537,036**	431,347
Less: Options expired in the current year	**-**	(22,760)
Less: Options vested during the period	**(681,771)**	-
Less: Performance rights vested and exercised	**(150,867)**	(421,200)
	2,510,849	2,125,784

(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.

16 ACCUMULATED LOSSES

	FOR THE YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Balance at beginning of the year	**32,172,851**	30,846,306
Net loss attributable to members	**2,590,370**	1,349,305
Transfer to share option reserve	**-**	(22,760)
Balance at end of year	**34,763,221**	32,172,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 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 14.1. During the year, the shared based payment expense recognised in the consolidated statement of profit and loss totaled $537,036 (2016: $431,347).

Share based payment arrangements relating to employees and directors:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS AT THE BEGINNING OF THE YEAR	OPTIONS GRANTED THIS YEAR	OPTIONS EXERCISED THIS YEAR	NUMBER OF OPTIONS AT THE END OF THE YEAR	OPTIONS EXERCISABLE AT THE END OF THE YEAR	FAIR VALUE AT GRANT DATE
04/01/2013	28/11/2016	$0.06	375,000	-	(375,000)	-	-	$0.017

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

	2017		2016	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (CENTS)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (CENTS)
Balance at the beginning of the financial year	**375,000**	**6.00**	570,000	13.00
Granted during the financial year:				
- Directors	**-**	**-**	-	-
- Employees	**-**	**-**	-	-
Forfeited/Expired	**-**	**-**	(195,000)	3.00
Exercised	**(375,000)**	**3.00**	-	-
Balance at the end of the financial year	**-**	**-**	375,000	6.00
Vested and Exercisable at the end of the year	**-**	**-**	375,000	6.00

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 $0.03 and a weighted average remaining contractual life of 0 days (2016: 151 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 SHARE BASED PAYMENTS *(CONTINUED)*

(b) SHARE BASED PAYMENTS – OTHER

DATE OF ISSUE	NO. OF SHARES	FAIR VALUE AT ISSUE DATE	
1 August 2016	250,000	$0.16	Issued to vendor of Mahenge North tenement Tanzania PL 7802/2012 as part of meeting milestone hurdles.

DATE OF ISSUE	NO. OF OPTIONS	FAIR VALUE AT ISSUE DATE	
20 January 2017	5,000,000	$0.20	Unlisted options issued as part of the consultant incentive plan (JAWAF Enterprises)
12 April 2017	5,000,000	$0.20	Unlisted options issued as part of the Corporate Mandate (Fosters Stockbroking)

(c) PERFORMANCE RIGHTS

	OPENING BALANCE	GRANTED IN PERIOD	EXERCISED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE
Expiring 31 December 2017	2,233,333	-	(2,233,333)	-	-
Expiring 31 December 2018	1,666,667	-	(1,666,667)	-	-
Expiring 31 December 2018	-	6,000,000	-	-	6,000,000
Expiring 1 March 2018	-	400,000	-	-	400,000
Expiring 1 March 2019	-	400,000	-	-	400,000
Expiring 1 March 2020	-	1,600,000	-	-	1,600,000
	3,900,000	8,400,000	(3,900,000)	-	8,400,000

Performance Rights issued during the period:

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 PERFORMANCE RIGHTS	VALUE OF PERFORMANCE RIGHTS – TRANCHE A & B $	VALUE OF PERFORMANCE RIGHTS – TRANCHE C $	VALUE OF PERFORMANCE RIGHTS – TRANCHE D $	VALUE OF PERFORMANCE RIGHTS – TRANCHE E $	TRANCHE A PERFORMANCE RIGHTS	TRANCHE B PERFORMANCE RIGHTS	TRANCHE C PERFORMANCE RIGHTS	TRANCHE D PERFORMANCE RIGHTS	TRACHE E PERFORMANCE RIGHTS
Stephen Copulos	1,800,000	162,000	64,800	-	-	600,000	600,000	600,000	-	-
Gabriel Chiappini	1,800,000	162,000	64,800	-	-	600,000	600,000	600,000	-	-
John de Vries	2,400,000	-	-	150,000	139,200	-	-	-	1,200,000	1,200,000
Steven Tambanis	2,400,000	216,000	86,400	-	-	800,000	800,000	800,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 SHARE BASED PAYMENTS *(CONTINUED)*

(c) PERFORMANCE RIGHTS *(CONTINUED)*

Performance Rights issued during the period: *(continued)*

PERFORMANCE RIGHT	GRANT DATE	EXPIRY DATE	FAIR VALUE AT GRANT DATE	EXERCISE PRICE
Tranche A	30 November 2016	31 December 2018	$0.135	Nil
Tranche B	30 November 2016	31 December 2018	$0.135	Nil
Tranche C	30 November 2016	31 December 2018	$0.108	Nil
Tranche D (400,000)	1 March 2017	1 March 2018	$0.125	Nil
Tranche D (400,000)	1 March 2017	1 March 2019	$0.125	Nil
Tranche D (400,000)	1 March 2017	1 March 2020	$0.125	Nil
Tranche E (400,000)	1 March 2017	1 March 2018	$0.125	Nil
Tranche E (400,000)	1 March 2017	1 March 2020	$0.125	Nil
Tranche E (400,000)	1 March 2017	1 March 2020	$0.098	Nil

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

(i) Tranche A : The Company signing a binding offtake agreement or aggregate binding offtake agreement totalling 50% or more of the current targeted production as outlined in the Company's scoping study, as announced on 22 March 2016, on or before 31 December 2016;

(ii) Tranche B : The delivery of a positive feasibility study by the Company on its Mahenge project in Tanzania that matches or exceeds the economic model as disclosed in the scoping study released on 22 March 2016;

(iii) Tranche C : The Company achieving a target share price of $0.30 based on a 10 day WVAP;

(iv) Tranche D: Subject to the Executive's continuous employment and will vest over 3 years;

(v) Tranche E: 400,000 performance rights will vest upon the Company delivering a Definitive Feasibility Study in relation to the Company's Mahenge project on or before March 2018; 400,000 will vest upon, to the satisfaction of the Board, the establishment of a development team to take the Mahenge project into construction; and 400,000 will vest upon the Company achieving a closing share price of $0.45 based on a 10 day VWAP.

	MESSRS COPULOS, CHIAPPINI & TAMBANIS
Grant date	30 November 2016
Number of performance rights:	
- S Copulos	1,800,000
- G Chiappini	1,800,000
- S Tambanis	2,400,000

METHOD	BLACK & SCHOLES	MONTE CARLO SIMULATION
Tranches	A and B	C
Grant date share price (cents)	13.7	13.7
Exercise prices (cents)	Nil – subject to milestone hurdles (above)	Nil – subject to milestone hurdles (above)
Expected volatility	100%	100%
Rights life	2 years	2 years
Dividend yield	Nil	Nil
Risk-free interest rate	1.78%	1.78%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 SHARE BASED PAYMENTS *(CONTINUED)*

(c) PERFORMANCE RIGHTS *(CONTINUED)*

Performance Rights issued during the period: *(continued)*

	MR DE VRIES
Grant date	1 March 2017
Number of performance rights:	
- J de Vries	2,400,000

METHOD	HOADLEY TRADING AND INVESTMENT MODEL	HOADLEY TRADING AND INVESTMENT MODEL	HOADLEY TRADING AND INVESTMENT MODEL	HOADLEY TRADING AND INVESTMENT MODEL	MONTE CARLO SIMULATION
Tranches	D (400,000)	D (400,000)	D (400,000)	E (800,000)	E (400,000)
Grant date share price (cents)	12.5	12.5	12.5	12.5	12.5
Exercise prices (cents)	Nil – subject to milestone hurdles (above)	Nil – subject to milestone hurdles (above)	Nil – subject to milestone hurdles (above)	Nil – subject to milestone hurdles (above)	Nil – subject to milestone hurdles (above)
Expected volatility	105%	105%	105%	105%	105%
Rights life	1 year	2 years	3 years	3 years	3 years
Dividend yield	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	1.79%	1.79%	1.93%	1.93%	1.79%

	OPENING BALANCE	GRANTED IN PERIOD	EXERCISED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE	ORDINARY SHARES ISSUED	ISSUED SHARE VALUE
Tranche A	-	2,000,000	-	-	2,000,000	-	-
Tranche B	-	2,000,000	-	-	2,000,000	-	-
Tranche C	-	2,000,000	-	-	2,000,000	-	-
Tranche D	-	1,200,000	-	-	1,200,000	-	-
Tranche E	-	1,200,000	-	-	1,200,000	-	-
	-	8,400,000	-	-	8,400,000	-	-

Performance Rights issued to directors in the Financial Year 2016:

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:

DIRECTORS	NUMBER OF PERFORMANCE RIGHTS	VALUE OF PERFORMANCE RIGHTS – TRANCHE A & B	VALUE OF PERFORMANCE RIGHTS – TRANCHE C	TRANCHE A PERFORMANCE RIGHTS	TRANCHE B PERFORMANCE RIGHTS	TRANCHE C PERFORMANCE RIGHTS
Stephen Copulos	1,475,000	$59,000	$19,470	491,667	491,667	491,666
Gabriel Chiappini	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
EMPLOYEE						
Alan Till	100,000	$4,000	$1,320	33,333	33,333	33,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 SHARE BASED PAYMENTS *(CONTINUED)*

(c) PERFORMANCE RIGHTS *(CONTINUED)*

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

PERFORMANCE RIGHT	GRANT DATE	EXPIRY DATE	FAIR VALUE AT 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 then $0.1275 for a period of 10 consecutive trading days.

	MESSRS COPULOS, TAMBANIS & CHIAPPINI
Grant date	30 November 2015
Number of performance rights:	
- S Copulos	1,475,000
- G Chiappini	1,475,000
- S Tambanis	1,950,000
- 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%

In August 2016, the Company vested the remaining Tranche C performance rights following achievement of the 10 day VWAP milestone.

	OPENING BALANCE	GRANTED IN PERIOD	EXERCISED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE	ORDINARY SHARES ISSUED	ISSUED SHARE VALUE
Tranche C	1,666,666	-	(1,666,666)	-	-	1,666,666	$66,000
	1,666,666	-	(1,666,666)	-	-	1,666,666	$66,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 SHARE BASED PAYMENTS *(CONTINUED)*

(c) PERFORMANCE RIGHTS *(CONTINUED)*

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:

DIRECTORS	NUMBER OF PERFORMANCE RIGHTS	VALUE OF PERFORMANCE RIGHTS – TRANCHE A & B	VALUE OF PERFORMANCE RIGHTS – TRANCHE C	TRANCHE A PERFORMANCE RIGHTS	TRANCHE B PERFORMANCE RIGHTS	TRANCHE C PERFORMANCE RIGHTS
Stephen Copulos	1,675,000	$55,833	$21,217	558,334	558,333	558,333
Gabriel Chiappini	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

PERFORMANCE RIGHT	GRANT DATE	EXPIRY DATE	FAIR VALUE AT 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:

(iv) 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 Project;

(v) 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 Project; and

(vi) 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.

	MESSRS COPULOS, TAMBANIS & CHIAPPINI
Grant date	31 March 2015
Number of performance rights:	
- S Copulos	1,675,000
- G Chiappini	1,675,000
- S Tambanis	3,350,000

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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 SHARE BASED PAYMENTS *(CONTINUED)*

(c) PERFORMANCE RIGHTS *(CONTINUED)*

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

In August 2016, the Company vested the remaining Tranche C performance rights following achievement of the 10 day VWAP milestone.

	OPENING BALANCE	GRANTED IN PERIOD	EXERCISED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE	ORDINARY SHARES ISSUED	ISSUED SHARE VALUE
Tranche C	2,233,333	-	(2,233,333)	-	-	2,233,333	$84,867
	2,233,333	-	(2,233,333)	-	-	2,233,333	$84,867

18 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
John de Vries	Executive Director	Appointed 24 April 2017
Gabriel Chiappini	Non Executive Director	Appointed 21 March 2012
	Company Secretary	Appointed 12 July 2013
Steven Tambanis	Former Managing Director	Appointed 22 January 2015 Resigned 24 April 2017

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

	FOR THE YEAR ENDED 30 JUNE 2017 $	FOR THE YEAR ENDED 30 JUNE 2016 $
Short-term employee benefit	**567,523**	403,500
Post-employment benefits	**38,519**	24,250
Share-based payments	**365,966**	433,055
Other	**23,712**	21,164
	995,719	881,969

19 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 YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Audit or review of the financial statements (Parent auditor)	**40,488**	49,780
Audit or review of the financial statements (Other group entities auditor)	**13,269**	-
	53,757	49,780

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

20 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	$105,000	Payments to Laurus Corporate Services for financial services provided during the reporting period including but not limited to Company Secretary, Capital Markets and Investor Relations, Accounting, Bookkeeping, Management of Tax and Audit requirements and administration.

21 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$150 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 KM²	RATE PER KM²	TOTAL
Mahenge North Project	Graphite	PL 7802/2012	144.10	USD$150	USD$21,615
Makonde Project	Graphite	PL 10111/2014	24.83	USD$150	USD$3,725
Mahenge East Project	Graphite	PL 10426/2014	154.96	USD$150	USD$23,244
Mahenge Southwest Project	Graphite	PL 10427/2014	208.67	USD$150	USD$31,301

As part of the original conditions to acquire the exploration licences there were minimum exploration expenditure commitments. These have all been met by 30 June 2017.

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

There are no milestone vendor payments or commitments remaining with PL7802/2012.

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

$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 >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.

Exploration Programme

There are no commitments to exploration as at the date of this report.

(b) CAPITAL COMMITMENTS

The Group has no capital commitments (2016: Nil).

(c) OPERATING LEASE COMMITMENTS

As at 30 June 2017 and at the date of this report, there are no operating lease commitments (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22 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 YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Profit/(Loss) used in calculating basic and diluted loss per share		
From continuing operations	**(3,847,336)**	(1,582,183)
From discontinued operations	**1,256,966**	232,878
	(2,590,370)	(1,349,305)
Weighted average number of ordinary shares used in calculating basic and diluted profit/(loss) per share:	**327,284,460**	247,023,437
Basic and diluted profit/(loss) per share		
From continuing operations	**($0.1176)**	($0.0064)
From discontinuing operations	**$0.0382**	$0.0009
Total basic and diluted profit/ (loss) per share	**($0.0794)**	($0.0055)

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.

23 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 2016.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances as detailed in note 9) and equity of the Group (comprising issued capital, reserves and accumulated losses as detailed in notes 14, 15 and 16).

(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 YEAR ENDED 30/06/2017 $	FOR THE YEAR ENDED 30/06/2016 $
Cash and bank balances	**2,139,799**	2,359,185
Trade and other receivables	**37,880**	24,627
Trade and other payables	**(628,600)**	(485,043)
	1,549,079	1,898,769

23.1 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 2017

23 FINANCIAL INSTRUMENTS *(CONTINUED)*

23.2 MARKET RISK

23.2.1 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 $130,545 higher/lower (2016: $209,853 higher/ $222,776 lower) had the Australian dollar strengthened/weakened by 10% against the US Dollar and the Hungarian Forint.

23.2.2 Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk through cash and cash equivalents $2,135,144 (2016: $2,359,185).

At 30 June 2017, 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 $508 lower/higher (2016: $1,063 lower/higher) mainly as a result of interest income deceases/increases.

(A) 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	39,697

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.

23.3 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.

23.3.1 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	96,889

23.4 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 2017

24 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2017.

25 EVENTS AFTER THE REPORTING DATE

- On 24 August 2017, Black Rock Mining confirmed the appointment of Mr John de Vries as Chief Executive Officer. Mr de Vries had previously been the Chief Operating Officer and Interim Chief Executive Officer.
- On 8 August 2017, Black Rock Mining released to the ASX its Optimised Pre Feasibility Study (PFS). Results of the PFS includes an unlevered IRR of 45% with an NPV of US$905m using a discount rate of 10%, refer ASX announcement on 8 August 2017. The Optimised PFS also includes and allows for a 16% free carry in the project by the Governament of Tanzania and an increase in the royalty rate from 3.3% to 4.3%.
- On 20 July 2017, Black Rock Mining announced an increase in its Global Resource, making Mahenge one of the largest JORC compliant flake graphite Mineral Resource Estimates globally. The total Mahenge Graphite Project Mineral Resource increased to 211.9Mt @ 7.8% TGC with a high-grade portion of 46.6Mt @ 10.6% TGC
- On 12 July 2017, the Company provided the ASX with an update on the legislative changes to the mining sector in Tanzania. The changes are yet to be formalised by way of a new mining code and set of regulations. Some of the changes passed by the Tanzanian Parliament include, the right to a free carried position of 16%, an increase in royalty rate to 4.3%, claw back of any tax concessions provided to the mining sector and requirement to investigate a listing on the Dar es Salaam Securities Exchange. For further details please refer to the ASX announcement on 12 July 2017. The company is presently working through the changes and awaits further updates from the Government of Tanzania and in particular the updated mining code and regulations.
- On 22 September the Company announced that it had cancelled 5,000,000 unlisted options with a vesting date of 30 November 2019 at $0.20 and replaced them with a new issue of 5,000,000 unlisted options with a vesting date of 31 August 2020 $0.10. The Options may only be exercised where the following vesting conditions have been satisfied:

  (a) in relation to the first 1,250,000 Options - the Company's shares have traded at 10c or over for 10 trading days;

  (b) in relation to the next 1,250,000 Options - the Company´s share have traded at 20c or over for 10 trading days;

  (c) in relation to the next 1,250,000 Options - the Company´s share have traded at 30c or over for 10 trading days; and

  (d) in relation to the last 1,250,000 Options - the Company´s share have traded at 40c or over for 10 trading days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

26 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 3 for a summary of significant account policies.

Financial Position	**FOR THE YEAR ENDED 30/06/2017 $**	FOR THE YEAR ENDED 30/06/2016 $
Assets		
Current assets	**2,159,855**	2,810,057
Non-current assets	**13,812,187**	7,439,423
Total assets	**15,972,042**	10,249,480
Liabilities		
Current liabilities	**239,161**	97,433
Non-current liabilities	**-**	-
Total liabilities	**239,161**	97,433
Equity		
Issued capital	**47,925,610**	40,253,116
Retained earnings	**(34,703,578)**	(32,226,852)
Reserves	**2,510,849**	2,125,784
Total equity	**15,732,881**	10,152,048

Financial performance	**FOR THE YEAR ENDED 30/06/2017 $**	FOR THE YEAR ENDED 30/06/2016 $
Loss for the year	**4,754,800**	1,344,479
Other comprehensive income	**-**	-
Total comprehensive loss	**4,754,800**	1,344,479

DIRECTORS' DECLARATION

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 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, 28 September 2017

INDEPENDENT AUDIT REPORT

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Black Rock Mining Limited

Report on the Audit of the Financial Report

We have audited the consolidated financial report of Black Rock Mining Limited (the "Company") and its subsidiaries (the "consolidated entity") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity 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 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $2,590,369 and had a net cash outflow from operating activities of $1,434,828 during the year ended 30 June 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDIT REPORT

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Our procedures in relation to going concern included, but were not limited to:

- inquiring of management and the directors as to knowledge of events and conditions that may impact the assessment on the consolidated entity's ability to continue as a going concern
- challenging the assumptions contained in management's forecast in relation to the consolidated's ability to continue as a going concern
- comparing the cash flow forecasts with the Board approved budget, and
- assessing the adequacy of the disclosures related to going concern in Note 1.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of the audit responded to the Key Audit Matter
Accounting for Exploration and Evaluation Assets As at June 2017 the consolidated entity has $13,540,833 of capitalised exploration and evaluation expenditure as disclosed in Note 11. Significant judgement is applied in determining the treatment of exploration and evaluation expenditure focusing on: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the consolidated entity and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest; • Assessing whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Testing on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of the applicable accounting standard; and • Assessing whether any facts or circumstances existed to suggest impairment testing was required. We also assessed the appropriateness of the disclosures in Note 11 to the financial statements.

INDEPENDENT AUDIT REPORT

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the consolidated financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of Black Rock Mining Limited are responsible for the preparation of the consolidated 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 preparing the consolidated financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

INDEPENDENT AUDIT REPORT

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated financial report. We are responsible for the direction, supervision and performance of the consolidated entity's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Black Rock Mining Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 28 September 2017

ADDITIONAL ASX INFORMATION

ORDINARY FULLY PAID SHARES

RANGE OF SHARES *AS OF 31 AUGUST 2017*

RANGE	TOTAL HOLDERS	SHARES	% OF ISSUED CAPITAL
1 - 1,000	133	54,520	0.01
1,001 - 5,000	180	539,657	0.15
5,001 - 10,000	137	1,103,236	0.30
10,001 - 100,000	716	27,809,805	7.62
100,001 - 9,999,999,999	312	335,227,479	91.91
Rounding			**0.01**
Total	**1,478**	**364,734,697**	**100.00**

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $ 500.00 parcel at $ 0.0460 per unit	10870	464	1842524

TOP 20 SHAREHOLDERS

RANK	NAME	SHARES	% OF SHARES
1.	CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>	33,333,333	9.14
2.	EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>	30,633,880	8.40
3.	GASMERE PTY LTD	18,286,777	5.01
4.	WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C>	10,592,499	2.90
5.	SUPERMAX PTY LTD <SUPERMAX SUPER FUND A/C>	10,316,667	2.83
6.	W W B INVESTMENTS PTY LTD	10,250,000	2.81
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <ST A/C>	8,362,747	2.29
8.	JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	8,000,000	2.19
9.	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,057,520	1.93
10.	RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>	6,993,047	1.92
11.	ARDEN MEDICAL PTY LTD	6,666,666	1.83
12.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,175,611	1.69
13.	STEVEN TAMBANIS	5,776,315	1.58
14.	SPACETIME PTY LTD <COPULOS EXEC S/FUND NO 1 A/C>	5,166,666	1.42
15.	MR GABRIEL CHIAPPINI + MRS ROSA CHIAPPINI <GRAN SASSO FAMILY A/C>	5,025,000	1.38
16.	BLAMNCO TRADING PTY LTD	4,750,000	1.30
17.	MR HARRY HATCH	4,500,000	1.23
18.	E & E HALL PTY LTD <E & E HALL P/L S/F A/C>	4,307,639	1.18
19.	SPINITE PTY LTD	4,000,000	1.10
20.	STEVEN TAMBANIS	3,350,000	0.92
Top 20 holders of ORDINARY FULLY PAID SHARES		**193,544,367**	**53.06**
Total Remaining Holders Balance		**171,190,330**	**46.94**

SUBSTANTIAL SHAREHOLDERS

NAME	SHARES	% OF SHARES
COPULOS GROUP	93,796,003	25.7

ADDITIONAL ASX INFORMATION

LISTED OPTIONS EXPIRING 30/11/2018 @ $0.075

RANGE OF QUOTED OPTIONS *AS OF 31 AUGUST 2017*

RANGE	TOTAL HOLDERS	OPTIONS	% OF ISSUED CAPITAL
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	1	10,000	0.03
10,001 - 100,000	25	1,251,663	3.68
100,001 - 9,999,999,999	49	32,704,993	96.29
Rounding			**0.00**
Total	**75**	**33,966,656**	**100.00**

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	OPTIONS
Minimum $ 500.00 parcel at $ 0.0150 per unit	33334	12	247650

TOP 20 OPTION HOLDERS

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 MANAGEMENT PTY LTD	350,000	1.03
18.	MAUGRA NOMINEES PTY LTD <KINGSTON RETIREMENT FUND A/C>	350,000	1.03
19.	MR LAURIE BARICHELLO	333,333	0.98
20.	BASSCOTT PTY LTD <THE A ABRAHAMS FAMILY A/C>	333,333	0.98
Totals: Top 20 holders of LISTED OPTIONS EXPIRING 30/11/2018 @ $0.075		**25,841,667**	**76.08**
Total Remaining Holders Balance		**8,124,989**	**23.92**