BLACK ROCK MINING LIMITED

Half-year report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CORPORATE DIRECTORY

ABN: 59 094 551 336

DIRECTORS	Richard Crookes Chairman Non-Executive John de Vries *Chief Executive Officer, Managing Director* Ian Murray *Non-Executive Director* Gabriel Chiappini *Non-Executive Director*
COMPANY SECRETARY	Gabriel Chiappini
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	45 Ventnor Avenue West Perth Western Australia, 6005 Telephone: (+61 8) 9389 4415 Fax: (+61 8) 9389 4400 Website: www.blackrockmining.com.au
AUDITOR	Deloitte Touche Tohmatsu Tower 2, Brookfield Place 123 St Georges Terrace Perth Western Australia, 6000 Telephone: (+61 8) 9365 7000 Fax: (+61 8) 9365 7001
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth Western Australia, 6000 Telephone: 1300 787 272 Facsimile: (+61 8) 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

Directors' report

The directors of Black Rock Mining Limited (the "Company") submit herewith the financial report of Black Rock Mining Limited and its subsidiaries (the "Group" or "Consolidated Entity") for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001,* the directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Mr Richard Crookes
Mr John de Vries
Mr Ian Murray
Mr Gabriel Chiappini

The above named directors all held office during and since the end of the half-year. John de Vries was promoted to Managing Director on 10 September 2019.

REVIEW OF OPERATIONS

The consolidated loss after tax for the six months ending 31 December 2019 was $2,040,448 (2018: $1,317,071).

During the half-year ending 31 December 2019, the Group focused its objectives on:

- securing framework and pricing agreements from its existing offtake counterparties
- commencing the Mahenge Resettlement Action Plan (RAP)
- progressing towards formalising the Company's position with respect to the new Tanzanian mining legislation that allows for 16% Government of Tanzania free carry interest and increased royalty rate. The Company maintains as its predominate objective to move into a development and strategic pathway to allow the Company to look to the establishment of the Mahenge Graphite mine.

Some of the milestones achieved in the period ending 31 December 2019 and to the date of this report include:

- Completion of the Enhanced Mahenge Graphite Project DFS to include a fourth production module, and a compressed development schedule (refer ASX announcement 24 July 2019)
- Completed a large-scale spheronising and purification trial using 400kg of sub 80 mesh concentrate generated during the March 2019 Pilot Plant run (refer ASX announcement 12 August 2019).
- Completed a placement to raise $3.0 million (before costs) by issuing 42,857,143 shares at $0.07 per share (refer to ASX announcement 16 August 2019)
- Appointed the current Chief Executive Officer & Executive Director, Mr John de Vries, to the position of Managing Director & Chief Executive Officer of the Company (refer to ASX announcement 10 September 2019).

Corporate and Financial Position

Consolidated net assets at 31 December 2019 were $23,470,032 against $22,406,840 at 30 June 2019. Total cash held at the half-year-end was $2,244,417 (30 June 2019: $1,907,467).

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001.*

On behalf of the Directors

John de Vries

Managing Director & Chief Executive Officer
Perth, 11 March 2020

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Black Rock Mining Limited
45 Ventnor Avenue
West Perth, WA 6005

11 March 2020

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 review of the financial statements of Black Rock Mining Limited for the half-year ended 31 December 2019, 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 review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Black Rock Mining Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2019, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Black Rock Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

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

Conclusion

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

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

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred net losses of $2,040,448, net cash outflows from operating activities of $1,796,460 and net cash outflows from exploration and evaluation expenditure of $730,628 for the period ended 31 December 2019. These 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 conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 11 March 2020

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; and

b) 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 give a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001.*

On behalf of the directors:

John de Vries

Managing Director & Chief Executive Officer
Perth, 11 March 2020

Condensed consolidated statement of profit or loss and other comprehensive income

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated	
		31 December 2019 $	31 December 2018 $
Continuing operations			
Interest income		1,619	3,783
Administration expenses		(491,526)	(239,651)
Employee benefit expense		(601,368)	(292,488)
Consulting expense		(771,496)	(558,144)
Depreciation and amortisation expense		(7,910)	(3,708)
Net foreign currency exchange losses		(8,612)	(1,741)
Other expenses from ordinary activities		(161,155)	(225,122)
		(2,040,448)	**(1,317,071)**
Loss before tax			
Income tax expense		-	-
LOSS FOR THE PERIOD		**(2,040,448)**	**(1,317,071)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Loss on revaluation of shares		-	(17,068)
Gain on sale of shares in listed entities		-	12,061
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		24,952	848,355
Other comprehensive income for the period (net of tax)		**24,952**	**843,348**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED		**(2,015,496)**	**(473,723)**
Loss for the period attributable to owners of the company		(2,015,496)	(1,317,071)
Total comprehensive income attributable to the owners of the company		(2,015,496)	843,348
Loss per share			
From continuing operations			
Basic and diluted loss per share (cents per share)		(0.33)	(0.28)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

AS AT 31 DECEMBER 2019

	Note	Consolidated	
		31 December 2019 $	30 June 2019 $
Assets			
Current assets			
Cash and bank balances		2,244,417	1,907,467
Trade and other receivables		102,967	170,361
Total current assets		2,347,384	2,077,828
Non-current assets			
Exploration & evaluation asset	4	21,734,535	20,978,368
Property, plant and equipment		39,258	43,379
Total non-current assets		21,773,793	21,021,747
Total assets		**24,121,177**	23,099,575
Liabilities			
Current liabilities			
Trade and other payables	5	598,181	658,011
Provisions		52,964	34,724
Total current liabilities		651,145	692,735
Total liabilities		**651,145**	692,735
Net assets		**23,470,032**	22,406,840
Equity			
Issued capital	3	60,989,789	58,086,890
Reserves		1,793,720	1,592,979
Accumulated losses		(39,313,477)	(37,273,029)
Total equity		**23,470,032**	22,406,840

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued Capital $	Accumulated Losses $	Asset Revaluation Reserve $	Share Based Payment Reserve $	Foreign Currency Reserve $	Total Equity $
Balance as at 1 July 2018	**52,371,878**	**(36,461,185)**	**87,714**	**2,400,333**	**(115,255)**	**18,283,485**
Loss for the period	-	(1,317,071)	-	-	-	**(1,317,071)**
Other comprehensive income for the period, net of tax	-	-	(5,007)	-	848,355	**843,348**
Total comprehensive income for the period	-	(1,317,071)	(5,007)	-	848,355	**(473,723)**
Issue of ordinary shares	3,038,460	-	-	-	-	**3,038,460**
Cost of share capital issued	(191,513)	-	-	-	-	**(191,513)**
Cost of share based payments	-	-	-	158,933	-	**158,933**
Performance rights expired not vested during the period	-	199,850	-	(199,850)	-	**-**
Options cancelled during the period	-	1,209,995	-	(1,209,995)	-	**-**
Balance as at 31 December 2018	**55,218,825**	**(36,368,411)**	**82,707**	**1,149,421**	**733,100**	**20,815,642**
Balance as at 1 July 2019	**58,086,890**	**(37,273,029)**	**-**	**796,125**	**796,854**	**22,406,840**
Loss for the period	**-**	(2,040,448)	-	-	-	**(2,040,448)**
Other comprehensive income for the period, net of tax	-	-	-	-	24,952	**24,952**
Total comprehensive income for the period	-	(2,040,448)	-	-	24,952	**(2,015,496)**
Issue of ordinary shares	3,037,500	-	-	-	-	**3,037,500**
Cost of share capital issued	(134,601)	-	-	-	-	**(134,601)**
Cost of share based payments	-	-	-	175,789	-	**175,789**
Balance as at 31 December 2019	**60,989,789**	**(39,313,477)**	**-**	**971,914**	**821,806**	**23,470,032**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Consolidated	
	31 December 2019 $	31 December 2018 $
Cash flow from operating activities		
Payments to suppliers and employees	(1,796,460)	(1,184,682)
Net cash flows used in operating activities	(1,796,460)	(1,184,682)
Cash flow from investing activities		
Exploration expenditure	(730,628)	(2,126,829)
Interest received	1,619	3,783
Payments for property, plant and equipment	(3,679)	(6,784)
Net cash flows used in investing activities	(732,688)	(2,129,830)
Cash flows from financing activities		
Proceeds from issue of shares and options	3,000,000	3,000,000
Payment of share issue costs	(134,601)	(189,153)
Net cash flows provided by financing activities	2,865,399	2,810,847
Net increase/(decrease) in cash held	336,251	(503,665)
Cash at the beginning of the financial period	1,907,467	1,788,150
Exchange movement	699	(1,741)
Cash and cash equivalents at the end of the period	**2,244,417**	**1,282,744**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted in the Company's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of these new standards and interpretations did not result in any significant changes to the Group's accounting policies, with the exception of the adoption of AASB 9 *Financial Instruments.* The Group has reviewed the new Accounting Standards and Interpretations which became effective on 1 July 2018 and assessed their impact as follows:

<u>Changes in Significant Accounting Policies</u>
The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2019, except for new standards, amendments to standards and interpretations effective 1 January 2019 as set out below.
In the current half-year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 16 Leases
- Interpretation 23 Uncertainty over Income Tax Treatments
- AASB 2017-7 Amendments – Long-term Interests in Associates and Joint Venture Amendments to IAS 28 and Illustrative Example – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments – Plan Amendment, Curtailment or Settlement (AASB 119)

The adoption of the aforementioned standards have resulted in an immaterial impact on interim financial statements of the Group as at 31 December 2019. A discussion on the impact of the adoption of AASB 16 is included below.

<u>AASB 16 Leases</u>
AASB 16 Leases has replaced the previous accounting requirements for leases under AASB 117 Leases. Under the previous requirements, leases were classified based on their nature as either finance leases, which were recognised on the Statement of Financial Position, or operating leases, which were not recognised on the Statement of Financial Position.

Under AASB 16 Leases, the Group's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability on the Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

The Group's adoption of AASB 16 has resulted in no impact to the financial statements of the Group due to the fact that the Group has not entered into any transactions or arrangements that would be accounted for as a lease under the new standard.

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 $2,040,448 (31 December 2018: $1,317,071) and experienced net cash outflows from operating activities of $1,796,460 (31 December 2018: $1,184,682) and net cash outflows from investing activities of $732,688 (31 December 2018: $2,129,830) for the period ended 31 December 2019.

During the financial period the Consolidated Entity deployed its working capital into its graphite prospects in Mahenge, Tanzania in order continue its Front End Engineering Design work and complete its Spherical Purified Graphite Production Trial. The Consolidated Entity has stated that its strategic objective is to progress towards the development of the project including completing Front End Engineering Design work and Resettlement Action Plans. The Directors have prepared a cash flow forecast reflecting the Consolidated Entity's key objectives, which indicates the Consolidated Entity needs to raise additional capital to invest in the Company's stated strategic objectives.

In August 2019 the Company completed a placement of 37,000,001 ordinary shares at $0.07 per share to raise $2.6 million with a further 5,857,142 shares issued in October 2019 to Directors that were subject to shareholder approval which raised a further $0.4 million.

The cash flow forecast for the period ending 31 March 2021 indicates that the Consolidated Entity is required to source additional capital by September 2020 of at least $1.2 million in order to continue its planned preparation for the construction on its graphite prospects in Tanzania and to fund working capital. This assumes no slowing down or deferment of costs.

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 secure funding, 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.

2. SEGMENT REPORTING

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance is specifically focused on the geographical location of resources being explored and evaluated for. The principal categories of geographical location for the Group is Graphite in Tanzania.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review:

For the six months ended 31 December 2019

	Australia Corporate $	Tanzania Graphite $	Consolidated $
Segment revenue	1,619	-	1,619
Segment results	(1,697,857)	(342,591)	(2,040,448)
Segment assets	9,301,156	14,820,021	24,121,177

For the six months ended 31 December 2018

	Australia Corporate $	Tanzania Graphite $	Consolidated $
Segment revenue	3,783	-	3,783
Segment results	(1,278,782)	(38,289)	(1,317,071)
Segment assets	7,155,335	14,142,774	21,298,109

3. ISSUED CAPITAL

	31 December 2019 $	30 June 2019 $
628,943,708 ordinary shares issued and fully paid (30 June 2019: 585,550,851)	60,989,789	58,086,890

3.1 Fully paid ordinary shares

	Number of shares	Share capital $
Balance at 1 July 2019	585,550,851	58,086,890
Shares issued 22 August 2019 ($0.070 cents per share)	37,000,001	2,590,000
Shares issued (Directors) 28 October 2019 ($0.070 cents per share)	5,857,142	410,000
Shares issued (Director) 31 December 2019 ($0.070 cents per share)	535,714	37,500
Less: capital raising costs	-	(134,601)
	628,943,708	60,989,789

3.2 Options

As at 31 December 2019, there were 69,200,000 unlisted options (30 June 2019: 57,000,000) and no listed unissued options (30 June 2019: nil).

	Opening balance	Exercised in period	Granted in period	Expired in period	Closing balance
Unlisted options					
Expiring 12 April 2020 at $0.20	5,000,000	-	-	-	5,000,000
Expiring 31 August 2020 at $0.10	6,250,000	-	-	-	6,250,000
Expiring 31 August 2020 at $0.10	6,250,000	-	-	-	6,250,000
Expiring 31 August 2020 at $0.10	6,250,000	-	-	-	6,250,000
Expiring 31 August 2020 at $0.10	6,250,000	-	-	-	6,250,000
Expiring 31 October 2021 at $0.10	1,000,000	-	-	-	1,000,000
Expiring 7 November 2021 at $0.10	13,000,000	-	-	-	13,000,000
Expiring 18 December 2021 at $0.10	3,000,000	-	-	-	3,000,000
Expiring 14 March 2021 at $0.20	5,000,000	-	-	-	5,000,000
Expiring 9 July 2021 at $0.07	5,000,000	-	-	-	5,000,000
Expiring 28 October 2022 at $0.15	-	-	9,200,000	-	9,200,000
Expiring 18 November 2022 at $0.15	-	-	3,000,000	-	3,000,000
	57,000,000	-	12,200,000	-	69,200,000

4. EXPLORATION AND EVALUATION ASSET

	31 December 2019	30 June 2019
	$	$
Balance at beginning of the period	20,978,368	16,574,559
Expenditure incurred during the period (at cost)	730,628	3,487,680
Foreign exchange difference	25,539	916,128
Balance at end of period	21,734,535	20,978,368

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

The balance of $21,734,535 (2019: $20,978,368) at reporting date represents the carrying value of its Graphite assets in Tanzania.

5. TRADE AND OTHER PAYABLES

	31 December 2019	30 June 2019
	$	$
Trade creditors	417,874	284,159
Accruals	110,434	310,650
Other liabilities	69,873	63,202
	598,181	658,011

Included in trade creditors and accruals is an amount of $30,921 (2019: $36,563) relating to exploration expenditure.

6. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	31 December 2019 $	30 June 2019 $
Financial assets		
Cash and cash equivalents	2,244,417	1,907,467
Trade and other receivables	102,967	170,361
Financial liabilities		
Trade and other payables	(598,181)	(658,011)
Provisions	(52,964)	(34,724)
	1,696,239	1,385,093

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

7. EXPENDITURE COMMITMENTS

a. *Exploration*

As part of the Company's license conditions with the Tanzanian Energy and Minerals Department, the Company is obliged to pay USD$100 per square kilometer to maintain the 13752/2019 license and USD$150 per square kilometer for the remaining tenements to keep them in good standing. Additional obligations exist for the new mining licenses held of USD$2,000 per square meter for mining license 612/019 and 611/2019.

The license costs per annum are as follows:

Project Name	*License Type*	*License Number*	*Area km²*	*Rate per km²*	*Total*
Mahenge North Project	Graphite – Prospecting License	PL 13752/2019	118.37	USD$100	USD$11,837
Mahenge North Project	Graphite – Mining License	ML 612/2019	9.79	USD$2,000	USD$19,580
Mahenge North Project	Graphite – Mining License	ML 611/2019	9.4	USD$2,000	USD$19,880
Makonde Project	Graphite – Prospecting License	PL 10111/2014	12.55	USD$150	USD$1,883
Mahenge East Project	Graphite – Prospecting License	PL 10426/2014	77.46	USD$150	USD$11,619
Mahenge Southwest Project	Graphite – Prospecting License	PL 10427/2014	111.6	USD$150	USD$16,740

As part of the original conditions to acquire the exploration licenses there were minimum exploration expenditure commitments. These had all been met by 31 December 2019. As part of the contract to acquire the graphite exploration licenses, under certain milestone conditions the Company will be obliged to make additional payments. These payments are subject to the following conditions:

Exploration license PL7802/2012

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

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

- $250,000 cash or equivalent number of fully paid Black Rock Mining Limited 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% total graphite content 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 Limited 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 Limited on the Australian Stock Exchange. The issue price of Black Rock Mining Limited shares is to be calculated based on the VWAP of Black Rock Mining Limited 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 (2019: Nil).

c. *Operating Lease Commitments*

On the 1 October 2019 the Company entered into a license agreement for its serviced office at 45 Ventnor Avenue, West Perth with the following applicable terms and conditions:

Commencement date: 1 October 2019

Expiry date: 31 March 2020

Monthly License fee: $4,620 inc. GST

Notice period: from 31 March 2020 either party may terminate the license by providing 60 days notice.

At 31 December 2019 the Company had a commitment under the license of $13,860 inc GST all of which is due and payable within 6 months.

The Group has assessed its non-cancellable operating lease commitments and does not expect AASB 16 to have a material impact on the financial statements on 1 July 2019.

At 30 June 2019 the Company had the following a license agreement for the serviced offices at 45 Ventnor Avenue, West Perth with the following applicable terms and conditions:

Commencement date: 7 January 2019

Expiry date: 6 July 2019

Monthly License fee: $2,420 inc. GST

Notice period: from 7 July 2019 either party may terminate the license by providing 60 days notice.

At 30 June 2019 the Company had a commitment under the license of $7,260 inc GST all of which is due and payable within 6 months.

d. *Contractual Commitments*

The Group has no contractual commitments at 31 December 2019.

8. SUBSEQUENT EVENTS

Other than the below, 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 these operations, or the state of affairs of the Company in subsequent financial years.

- On 22 January 2020 the Company entered into a non-binding Cooperation Framework Agreement with state-owned enterprise, China Railway Seventh Group Co. Ltd (CRSG). CRSG is to act as head Engineering Procurement and Construction contractor for Module One Mahenge process plant and non - process infrastructure, with existing partner Yantai Jinyuan to design and supply plant machinery and specific elements of the non process infrastructure (refer ASX announcement on 22 January 2020).
- On 3 February 2020 the Company announced the opening of the three village offices in the Mahenge region built in partnership with Mahenge Resources and local communities (refer ASX Announcement 3 February 2020).
- The Company (through it's subsidiary Mahenge Resources) achieved claimant cut off under the Resettlement Action Plan. Detailed inventory assessment and determination compensation quantum are in progress. (refer ASX announcement 3 February 2020).