HALF YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

BLACK ROCK
MINING LIMITED

CORPORATE DIRECTORY

Black Rock Mining Limited

ABN: 59 094 551 336

DIRECTORS	**Richard Crookes** Chairman Non-Executive
	John de Vries Chief Executive Officer, Executive Director
	Stephen Copulos Non-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

DIRECTORS' REPORT

The directors of Black Rock Mining Limited submit herewith the financial report of Black Rock Mining Limited and its subsidiaries (the Group) for the half-year ended 31 December 2017. 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:

NAME

Mr Richard Crookes
Mr John de Vries
Mr Stephen Copulos
Mr Gabriel Chiappini

The above named directors all held office during and since the end of the half-year except for:

- Mr Richard Crookes – appointed 16 October 2017

REVIEW OF OPERATIONS

During the half year period ending 31 December 2017, as a result of the legislative changes made by the Tanzanian Government to the Mining Industry, the Company slowed down its exploration and mining activities on its Mahenge Graphite project in Tanzania. During the half year period the Company appointed a new Chief Executive Officer, Mr John de Vries to oversee the feasibility and development programme. In addition the Company welcomed a new Chairman to the board, Mr Richard Crookes who comes with an extensive and successful career in the mining investment sector. In August 2017, the Company released an optimised Preliminary Feasibility Study (PFS) that highlighted a three stage development programme to deliver 250,000 tonnes per annum at 98.5% graphite concentrate. The PFS noted a pre-production capital expenditure of USD$90.1m with a post tax unlevered NPV_{10} of USD$905m after allowing for a Tanzanian Government free carry position of 16% and increase in Royalty rate.

During the period the Company completed a capital raising of $4.75m through the issue of ordinary shares at $0.06 per share, with $540,000 (or nine million share) being allocated to directors and advisors being subject to shareholder approval. Shareholder approval for the nine million shares was provided by way of a shareholder meeting held on 3 January 2018. In December 2017, the Company announced that it had commenced its Definitive Feasibility Study by way of a controlled plant variability drilling programme, with the aim to define plant performance and product variability from the Ulanzi pit and to provide confidence of consistently producing product to customer specification. The programme will include a 500 tonne bulk sampling programme that will be put through a pilot plant in 2018.

CORPORATE

As noted above the company announced a new Chairman (Richard Crookes) and appointed a new Chief Executive Officer (John de Vries) as well as announcing a placement of $4.75m in November 2017.

The auditor's independence declaration is included on page 3 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

Gabriel Chiappini

Gabriel Chiappini
DIRECTOR

Perth, 15 March 2018

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AUDITOR'S INDEPENDENCE DECLARATION

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 Western Australia, 6005

15 March 2018

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 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 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

INDEPENDENT AUDITOR'S REPORT

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 2017, and the condensed statement of profit and 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 6 to 18.

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 2017 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.

INDEPENDENT AUDITOR'S REPORT

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 2017 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 $927,584, net cash outflows from operating activities of $861,814 and cash outflows from exploration and evaluation expenditure of $1,224,127 for the period ended 31 December 2017. 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, 15 March 2018

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:

Gabriel Chiappini
DIRECTOR

Perth, 15 March 2018

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED	
	NOTE	31 DECEMBER 2017 $	31 DECEMBER 2016 $
Continuing operations			
Interest income		**3,129**	3,519
Administration expenses		**(151,000)**	(227,908)
Employee benefit expense		**(238,517)**	(114,734)
Consulting expense		**(365,150)**	(257,440)
Depreciation and amortisation expense		**(4,201)**	(1,009)
Net foreign currency exchanges losses		**(19,434)**	141,645
Other expenses from ordinary activities		**(100,410)**	(116,435)
Loss on sale of shares in listed entities		**(52,000)**	-
Impairment of financial assets		**-**	(910,047)
Loss before tax		**(927,583)**	(1,482,409)
Income tax benefit		**-**	-
Loss for the period from continuing operations		**(927,583)**	(1,482,409)
Discontinued operations			
Profit for the period from discontinued operations	9	**-**	1,255,542
PROFIT/(LOSS) FOR THE PERIOD		**(927,583)**	(226,867)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of shares		**58,476**	-
		58,476	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(57,968)**	242,194
		(57,968)	242,194
Other comprehensive income for the period (net of tax)		**508**	242,194
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED		**(927,075)**	15,327
Loss for the period attributable to owners of the company		**(927,583)**	(226,867)
Total comprehensive income attributable to the owners of the company		**508**	15,327
Loss per share			
From continuing and discontinuing operations			
Basic and diluted loss per share (cents per share)		**(0.28)**	(0.07)
From continuing operations			
Basic and diluted loss per share (cents per share)		**(0.28)**	(0.48)

Notes to the condensed consolidated financial statements are included on pages 11 to 18.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTE	CONSOLIDATED 31 DECEMBER 2017 $	CONSOLIDATED 30 JUNE 2017 $
ASSETS			
Current assets			
Cash and bank balances		**4,121,882**	2,139,779
Trade and other receivables		**36,632**	37,880
Total current assets		**4,158,514**	2,177,659
Non-current assets			
Exploration & evaluation asset	4	**14,485,100**	13,540,833
Property, plant and equipment		**19,384**	26,425
Other financial assets	10	**255,833**	477,357
Total non-current assets		**14,760,317**	14,044,615
Total assets		**18,918,831**	16,222,274
LIABILITIES			
Current liabilities			
Trade and other payables	5	**265,705**	628,600
Provisions		**10,010**	52,573
Total current liabilities		**275,715**	681,173
Total liabilities		**275,715**	681,173
Net assets		**18,643,116**	15,541,101
EQUITY			
Issued capital	3	**51,847,618**	47,925,610
Reserves		**2,096,160**	2,378,713
Accumulated losses		**(35,300,662)**	(34,763,222)
Total equity		**18,643,116**	15,541,101

Notes to the condensed consolidated financial statements are included on pages 11 to 18.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	ISSUED CAPITAL	ACCUMULATED LOSSES	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY RESERVE	**TOTAL EQUITY**
	$	$	$	$	**$**
Balance as at 1 July 2016	40,253,116	(32,172,851)	2,125,784	(159,280)	**10,046,769**
Loss for the period	-	(226,867)	-	-	**(226,867)**
Other comprehensive income for the period, net of tax	-	-	-	242,194	**242,194**
Total comprehensive income for the period	-	(226,867)	-	242,194	**15,327**
Issue of ordinary shares	5,186,500	-	-	-	**5,186,500**
Options exercised	66,503	-	(66,503)	-	**-**
Cost of share capital issued	(329,713)	-	-	-	**(329,713)**
Issue of shares following vesting of performance rights	150,867	-	(150,867)	-	**-**
Cost of share based payments	-	-	129,426	-	**129,426**
Balance as at 31 December 2016	45,327,273	(32,399,718)	2,037,840	82,914	**15,048,309**
Balance as at 1 July 2017	**47,925,610**	**(34,763,222)**	**2,510,848**	**(132,135)**	**15,541,101**
Loss for the period	-	(927,583)	-	-	**(927,583)**
Other comprehensive income for the period, net of tax	-	58,476	-	(57,968)	**508**
Total comprehensive income for the period	-	(869,107)	-	(57,968)	**(927,075)**
Issue of ordinary shares	4,200,000	-	-	-	**4,200,000**
Cost of share capital issued	(277,992)	-	-	-	**(277,992)**
Cost of share based payments	-	-	277,080	-	**277,080**
Performance rights expired not vested during the period	-	-	(169,998)	-	**(169,998)**
Options cancelled during the period	-	331,667	(331,667)	-	**-**
Balance as at 31 December 2017	**51,847,618**	**(35,300,662)**	**2,286,263**	**(190,103)**	**18,643,116**

Notes to the condensed consolidated financial statements are included on pages 11 to 18.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	CONSOLIDATED	
	31 DECEMBER 2017	31 DECEMBER 2016
	$	$
Cash flow from operating activities		
Payments to suppliers and employees	**(861,814)**	(553,675)
Net cash flows used in operating activities	**(861,814)**	(553,675)
Cash flow from investing activities		
Exploration expenditure	**(1,224,127)**	(3,345,061)
Interest received	**3,129**	3,519
Payments for property, plant and equipment	**(7,691)**	(13,884)
Proceeds on sale of investment	**228,000**	305,300
Net cash flows used in investing activities	**(1,000,689)**	(3,050,126)
Cash flows from financing activities		
Proceeds from issue of shares and options	**4,200,000**	5,146,500
Payment of share issue costs	**(277,992)**	(285,117)
Net cash flows provided by financing activities	**3,922,008**	4,861,383
Net increase in cash held	**2,059,505**	1,257,582
Cash at the beginning of the financial period	**2,139,780**	2,359,185
Exchange movement	**(77,403)**	65,134
Cash and cash equivalents at the end of the period	**4,121,882**	3,681,901

Notes to the condensed consolidated financial statements are included on pages 11 to 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 2017 annual financial report for the financial year ended 30 June 2017, 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.

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 $927,583 (31 December 2016: $226,867) and experienced net cash outflows from operating activities of $861,814 (31 December 2016: $553,675) and cash outflows from exploration and evaluation expenditure of $1,224,127 (31 December 2016: $3,345,061) for the period ended 31 December 2017.

During the financial period the consolidated entity deployed its working capital into its graphite prospects in Mahenge, Tanzania. The Company has stated that its CY18 strategic objectives are the delivery of the definitive feasibility study, the securing of offtake supply agreements and completion of a pilot plant programme. In addition the company is planning to grow its organisation and recruit key executives and workforce to manage its strategic objectives. The Directors have prepared a cash flow forecast modelling the Company's key objectives, which indicates the consolidated entity needs to raise additional capital to invest in the Company's stated strategic objectives.

In November 2017 the company completed a placement of 70 million ordinary shares at $0.06 per share to raise $4.2m, with a further 9 million shares issued in January 2018 to directors and advisors that were subject to shareholder approval, raising a further $540,000.

The cash flow forecast for the period ending 31 March 2019 indicates that the consolidated entity is required to raise additional capital through equity raisings by 31 July 2018 of at least $5m in order to continue its planned exploration and evaluation programme on its graphite prospects in Tanzania and to fund working capital. This assumes no slowing down or deferment of DFS or Pilot Plant Programme 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 obtain funding through capital raising or alternative sources, 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 HALF YEAR ENDED 31 DECEMBER 2017

1 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

AMENDMENTS TO ACCOUNTING STANDARDS AND NEW INTERPRETATIONS 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 the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year 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 Seperate Financial Statements;*
- *AASB 2015-1 Amendments to Austraian 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 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. Its hydrocarbon activities in Hungary continue to be discontinued operations.

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:

	AUSTRALIA CORPORATE	TANZANIA GRAPHITE	FROM DISCONTINUING OPERATIONS	CONSOLIDATED
For the six months ended 31 December 2017				
Segment revenue	**3,129**	**-**	**-**	**3,129**
Segment results	**(870,520)**	**(57,063)**	**-**	**(927,583)**
Segment assets	**7,641,635**	**11,272,241**	**4,955**	**18,918,831**
For the six months ended 31 December 2016				
Segment revenue	3,519	-	-	3,519
Segment results	(1,438,602)	(43,807)	1,255,542	(226,867)
For the year ended 30 June 2017				
Segment assets	10,304,495	5,912,824	4,955	16,222,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

3 ISSUED CAPITAL

	31 DECEMBER 2017 $	30 JUNE 2017 $
434,734,701 ordinary shares issued and fully paid (30 June 2017: 364,734,701)	**51,847,618**	47,925,610
	51,847,618	47,925,610

3.1 FULLY PAID ORDINARY SHARES

	NUMBER OF SHARES	SHARE CAPITAL $
Balance at 1 July 2017	364,734,701	47,925,610
Shares issued 13 November 2017 (0.06 cents per share)	70,000,000	4,200,000
Less: capital raising costs	-	(277,992)
	434,734,701	51,847,618

3.2 OPTIONS

As at 31 December 2017, there were 33,300,003 unlisted options (30 June 2017: 13,300,003) and 33,966,655 listed unissued options (30 June 2017: 33,966,655).

	OPENING BALANCE	EXERCISED IN PERIOD	GRANTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE
Listed Options					
Expiring 30 November 2018 at $0.075	33,966,655	-	-	-	33,966,655
	33,966,655	-	-	-	33,966,655
Unlisted options					
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
Expiring 31 August 2020 at $0.10	-	-	25,000,000	-	25,000,000
	13,300,003	-	25,000,000	(5,000,000)	33,300,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

3 ISSUED CAPITAL *(CONTINUED)*

3.3 PERFORMANCE RIGHTS

	OPENING BALANCE	EXERCISED IN PERIOD	GRANTED IN PERIOD	EXPIRED IN PERIOD	CANCELLED IN PERIOD	CLOSING BALANCE
Performance Rights						
Expiring 31 December 2018	6,000,000	-	-	-	(3,600,000)	2,400,000
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)	-
	8,400,000	-	-	-	-	2,400,000

3.3.1 Performance Rights issued 1 March 2017

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	$0.135	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.

During the current half year, John de Vries, Gabriel Chiappini and Stephen Copulos elected to change their existing performance rights to the new option plan to more closely align their performance with the strategic goals of the Company. This has been accounted for as a replacement issue. Summary of details of the new instruments is as follows:

DIRECTORS	NUMBER OF SHARE OPTIONS – TRANCHE A	NUMBER OF SHARE OPTIONS – TRANCHE B	NUMBER OF SHARE OPTIONS – TRANCHE C	NUMBER OF SHARE OPTIONS – TRANCHE D
Stephen Copulos	1,250,000	1,250,000	1,250,000	1,250,000
Gabriel Chiappini	1,250,000	1,250,000	1,250,000	1,250,000
John de Vries	1,250,000	1,250,000	1,250,000	1,250,000

The Options will vest upon satisfaction of the following milestones:

(i) Tranche A: The Company achieving a target share price of $0.10 based on a 10 day VWAP;

(ii) Tranche B: The Company achieving a target share price of $0.20 based on a 10 day VWAP;

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

(iv) Tranche D: The Company achieving a target share price of $0.40 based on a 10 day VWAP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4 EXPLORATION AND EVALUATION ASSET

	31 DECEMBER 2017 $	30 JUNE 2017 $
Balance at beginning of the period	13,540,833	7,639,211
Expenditure incurred during the period (at cost)	886,302	5,901,622
Foreign exchange difference	57,965	-
Balance at end of period	14,485,100	13,540,833

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 $14,485,100 (2017: $13,540,833) at reporting date represents the carrying value of its Graphite assets in Tanzania.

5 TRADE AND OTHER PAYABLES

	31 DECEMBER 2017 $	30 JUNE 2017 $
Trade creditors	48,675	93,684
Accruals	180,578	466,260
Other liabilities	36,452	68,655
	265,705	628,599

Included in trade creditors and accruals is an amount of $146,101 (2017: $425,960) relating to exploration expenditure.

6 KEY MANAGEMENT PERSONNEL

Other than Mr Richard Crookes with $100,000 annual salary plus statutory superannuation package, there are no other significant changes to the remuneration arrangements of key management personnel as disclosed in the annual financial report.

7 FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	31 DECEMBER 2017 $	30 JUNE 2017 $
Financial assets		
Cash and cash equivalents	4,121,882	2,139,799
Trade and other receivables	36,632	37,880
Financial liabilities		
Trade and other payables	(265,705)	(628,600)
	3,892,809	1,549,079

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

8 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 contract to acquire the graphite exploration licences, there were minimum exploration expenditure commitments. These have all been met by 31 December 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 PL 7802/2012

There are no milestone vendor payments or commitments remaining with PL 7802/2012.

Exploration licence PL 10111/2014, PL 10426/2014 and PL 10427/2014

- $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. 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 BKT 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.

B. CAPITAL COMMITMENTS

The Group has no capital commitments (30 June 2017: Nil).

C. OPERATING LEASE COMMITMENTS

As at 31 December 2017 and at the date of this report, there are no operating lease commitments (30 June 2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

9 DISCONTINUED OPERATIONS

9.1 DISPOSAL OF OIL AND GAS PERMIT

On 22 October 2014, the 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.

9.2 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 half year are set out below. The comparative profit from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

Profit for the period from discontinued operations

	31 DECEMBER 2017	31 DECEMBER 2016
	$	$
Profit on disposal of assets	**-**	1,268,236
Administration expenses	**-**	(11,864)
Net foreign currency exchange losses	**-**	(830)
Profit for the period from discontinuing operations	**-**	1,255,542

10 OTHER FINANCIAL ASSETS

	31 DECEMBER 2017	30 JUNE 2017
	$	$
Shares in Eneabba Gas Limited (at fair value)	**-**	280,000
Shares in UIL Energy Limited (at fair value)	**255,833**	197,357
	255,833	477,357

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 (completed in August 2016).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

10 OTHER FINANCIAL ASSETS *(CONTINUED)*

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 ("CRPS") 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.

In October 2017 the Group sold its shares in Eneabba Gas for consideration of $228,000 resulting in a loss recognised in the Statement of Profit or Loss of $52,000.

At 31 December 2017, the remaining shares held in UIL have been fair valued and an unrealised increase in the value of the shares of $58,476 has been recognised in other comprehensive income.

11 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 these operations, or the state of affairs of the Company in subsequent financial years.

- On 19 January 2018, the Company announced the placement of 9,000,000 ordinary shares to its directors and advisors at $0.06 per share.