

Annual  
Financial  
Report

FOR THE YEAR ENDED 30 JUNE 2018



**BLACK ROCK**  
MINING LIMITED

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## 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

Tel: (+61 8) 9320 7550

Fax: (+61 8) 9320 7501

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

#### AUDITOR

#### **Deloitte Touche Tohmatsu**

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

Tel: (08) 9365 7000

Fax: (08) 9365 7001

#### SHARE REGISTRY

#### **Computershare Investor Services Pty Ltd**

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

Tel: 1300 787 272

Fax: (08) 9323 2033

Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

#### STOCK EXCHANGE LISTING

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

#### ASX CODE

BKT - ordinary shares

BKTOD - listed options

Black Rock Mining Limited  
Annual Report 2014



Black Rock Mining Limited (ASX: BKT) has made significant progress in the development of our Mahenge graphite project in Tanzania over the past year. I am particularly pleased with the very significant contribution made by all our staff, management and advisors.

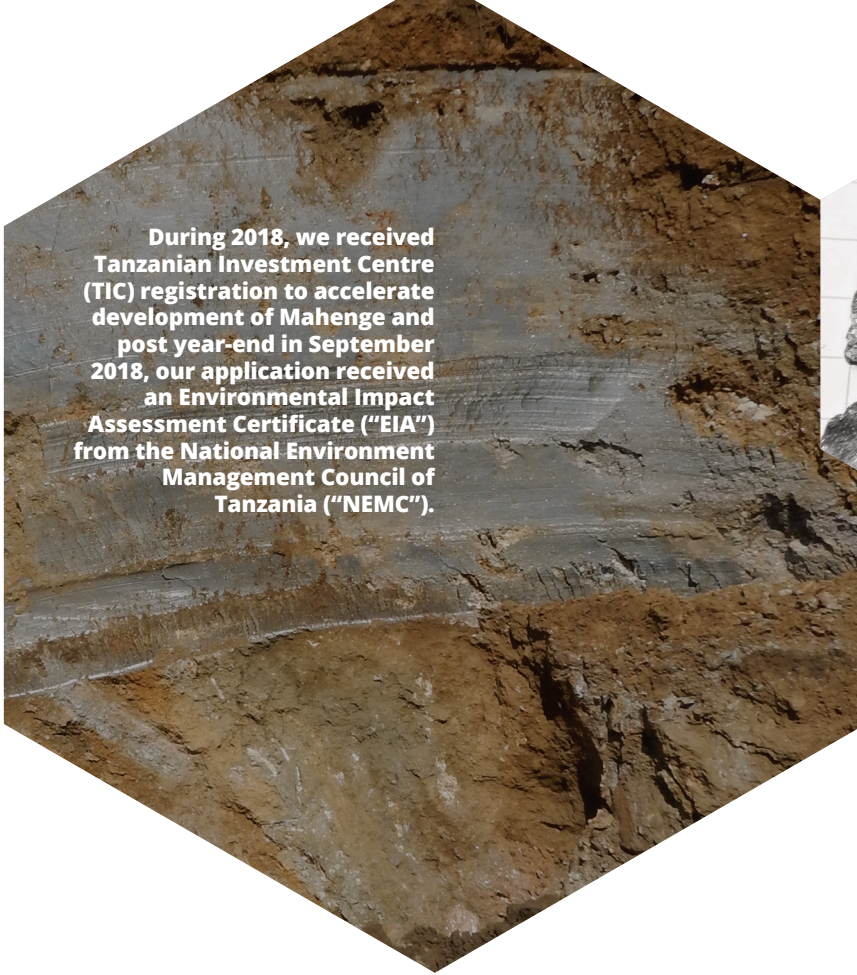
Completion of optimisation of our Pre-Feasibility Study (PFS) for Mahenge early in the year confirmed the strong economics of the project. The Optimisation Study successfully built out our “crawl, walk, run” strategy, ultimately delivering a world-class mine based on any metrics. We continue to be highly confident we have the most compelling development-stage graphite project globally. Based on the compelling economics identified in the Optimised Pre-Feasibility your Board elected to commence the Definitive Feasibility Study (DFS). The Board selected CPC Engineering to be our DFS contractor. CPC's selection was made on the basis of CPC's involvement with Syrah's Balama project. Our view is this provides access to the most current graphite experience available in the industry.

Over the course of the DFS the company has delivered a number of industry leading outcomes. We have run the largest pilot scale graphite plant in the sector, processing 90 tonnes of ore at SGS's Lakefield facility in Ontario, Canada. We have demonstrated significant logistics capability by rail hauling 530 tonnes of ore from Ifakara to the Port of Dar es Salaam. We have delivered industry leading +99% purity graphite concentrate at scale. We have successfully engaged with over 22 customers on the basis of having large samples of concentrate to submit for testing. By September 2018 we had secured our Environmental Permit, and had confirmed the Definitive Feasibility Study was on schedule for delivery at the end of the September quarter 2018.

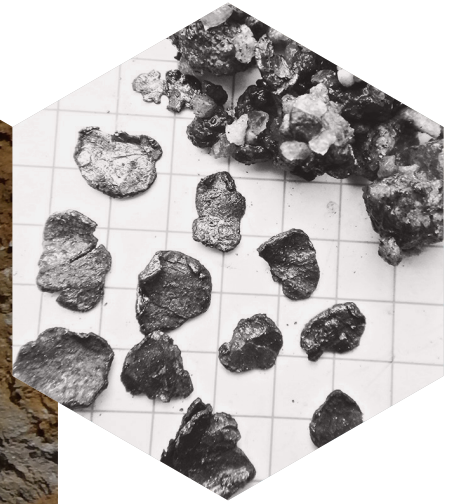
While completing studies supporting the DFS, Black Rock has undertaken significant product development research aimed at establishing the significant Value in Use of the unique Mahenge graphite. Our work during the year has seen us produce graphite concentrate with industry-leading ease of processing, grade and flake size which progressed into the Company delivering an Ultra-high grade graphite concentrate of more than 99% purity, and doing so, at scale.

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During 2018, we received Tanzanian Investment Centre (TIC) registration to accelerate development of Mahenge and post year-end in September 2018, our application received an Environmental Impact Assessment Certificate ("EIA") from the National Environment Management Council of Tanzania ("NEMC").



In an industry where grade is key to securing price and market share for product, delivering a world first, Ultra purity 99%+ graphite concentrate, is a significant demonstration of the compelling product properties of Mahenge. Importantly this result was obtained using a conventional flotational circuit in our pilot plant, leaving no refining chemical residue on the flake. Minimal flake degradation of the 200kg sample processed, reinforces the mechanical strength of the flake, further supporting the compelling Value in Use of Mahenge flake.

Operation of the pilot plant by SGS Lakefield Labs, allowed us to place significant volumes of real product with potential customers. The availability of product validates product representations, and demonstrates what we are capable of producing at Mahenge. Black Rock has since shipped finished product to 22 potential customers and partners for testing and feedback. Initial feedback, has conformed ASTM mesh screen targets, purity targets and application targets including pH levels, moisture and halogen limits. This is a significant step as we continue to refine our processes and we now know that we are on the right track to delivering the highest value product possible.

During the year, we completed battery testing using concentrate from Mahenge, and achieved results that exceeded industry standards in 300-cycle battery testing. We achieved a recharge rate of 94% in independent testing. This is important as the 300 cycles test is a benchmark for consumer products. Representing a two-year product life with an assumed full discharge and recharge cycle every second day. In a market where performance is critical, Black Rock believes it is the only graphite developer to have comprehensively demonstrated product performance. We believe we simply have the best natural flake graphite, and we have proven it through our research.

While there has been some uncertainty in the mining industry in Tanzania over the past year due to the introduction of a new Mining Code, we continue to work closely with the Tanzania government to develop Mahenge as a project that can benefit all our stakeholders. During 2018, we received Tanzanian Investment Centre (TIC) registration to accelerate development of Mahenge and post year-end in September 2018, our application received an Environmental Impact Assessment Certificate ("EIA") from the National Environment Management Council of Tanzania ("NEMC").

## CHIEF EXECUTIVE OFFICER'S REPORT



**Using rail haulage in the development of Mahenge could deliver considerable cost savings of up to US\$40 per tonne. Rail haulage also significantly simplifies logistics by providing rail access directly to the wharf with customs clearance completed at an "in land port" at Ifakara.**



In another positive step, we completed Proof of Concept for rail haulage by exporting a 530-tonne sample from Ifakara, north of its Mahenge Graphite Project in Tanzania, to the port at Dar es Salaam, demonstrating the viability of Tazara (Tanzania Zambia Railway Authority) as a logistics partner. A ceremony held to recognise significant project milestone was attended by a representative of Deputy Minister of Mines, The Honorable Dotto Biteko, Deputy Minister for Mines and Australian High Commissioner for Tanzania Alison Chartres. Using rail haulage in the development of Mahenge could deliver considerable cost savings of up to US\$40 per tonne. Rail haulage also significantly simplifies logistics by providing rail access directly to the wharf with customs clearance completed at an "in land port" at Ifakara. This milestone will be incorporated into our DFS estimates.

The bulk sample shipment is comprised of 500 tonnes of surface samples and 30 tonnes of core from an 1800 metre infill drill program. The program significantly de-risks the project, and is designed to inform plant design, and support representation of product characteristics for the first five years of production.

During the year, Black Rock completed a \$4.75 million capital raising and we followed this post year-end with a \$3.0 million placement, raising nearly \$8 million in total to fund the completion of our DFS and move into the permitting stage. We are thankful to our new and existing shareholders who supported us in these placements, as well as Black Rock directors, management and advisors who also invested about \$1 million through these placements. Black Rock is at such an important stage of developing Mahenge and this funding is integral to us making progress as rapidly as possible.

We saw a change to our Board of Directors during the year with respected mining industry veteran Richard Crookes appointed Chairman and Stephen Copulos moving into Non-Executive Director role. This followed my own appointment as Black Rock's Chief Executive Officer and marked the Company's transition from an Explorer to Developer. I would like to thank the Board of Directors for their support over the past year and thank our staff and management for their contributions during what was an extremely busy and productive 12 months.

I look forward to the outcome of our DFS and moving into the next stage of developing our Mahenge project in 2019.

### **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 2018. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Information about the Directors

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

NAME	PARTICULARS																					
<b>Richard Crookes</b>	<p><i>(Non-Executive Chairman)</i></p> <p>Mr Crookes has over 30 years' experience in the resources and investments industries. He is a geologist by training having worked in the industry most recently as the Chief Geologist and Mining Manager of Ernest Henry Mining in Australia (now Glencore). Prior to Mr Crookes joining EMR Capital as an Investment Director he was an Executive Director in Macquarie Bank's Metals Energy Capital (MEC) division where he managed all aspects of the Bank's principal investments in mining and metals companies as well as the origination of numerous project finance transactions. Mr Crookes has extensive experience in deal origination, evaluation, structuring, post-acquisition management, client relationship management, marketing and execution of investment entry and exits for both private and public resource companies in Australia and overseas.</p> <p>Mr Crookes held directorships with the following listed companies in the 3 years immediately prior to the date of this report.</p> <table border="1"> <thead> <tr> <th>NAME</th> <th>DATE APPOINTED</th> <th>DATE RESIGNED</th> </tr> </thead> <tbody> <tr> <td>Highfield Resources Limited</td> <td>April 2013</td> <td>Current</td> </tr> </tbody> </table>	NAME	DATE APPOINTED	DATE RESIGNED	Highfield Resources Limited	April 2013	Current															
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<b>Stephen Copulos</b>	<p><i>(Non-Executive Director)</i></p> <p>Mr Copulos a Non-Executive Director of Black Rock Mining and is the Company's major shareholder and financial supporter. Mr Copulos has over thirty-five years' experience in a variety of businesses and investments across a wide range of industries including mining, manufacturing, property development, food and hospitality. He has been the Managing Director of the Copulos Group of companies, a private investment group, since 1997 and has extensive experience as a company director of both listed and unlisted public companies in Australia, the UK and USA.</p> <p>Mr Copulos held directorships with the following listed companies in the 3 years immediately prior to the date of this report.</p> <table border="1"> <thead> <tr> <th>NAME</th> <th>DATE APPOINTED</th> <th>DATE RESIGNED</th> </tr> </thead> <tbody> <tr> <td>Crusader Resources Limited</td> <td>March 2013</td> <td>April 2018</td> </tr> <tr> <td>Consolidated Zinc Limited</td> <td>June 2015</td> <td>Current</td> </tr> <tr> <td>Restaurant Brands Limited</td> <td>April 2016</td> <td>Current</td> </tr> </tbody> </table>	NAME	DATE APPOINTED	DATE RESIGNED	Crusader Resources Limited	March 2013	April 2018	Consolidated Zinc Limited	June 2015	Current	Restaurant Brands Limited	April 2016	Current									
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<b>John de Vries</b>	<p><i>(Executive Director and CEO)</i></p> <p>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.</p> <p>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.</p> <p>Mr de Vries holds a Bachelor of Engineering, Mining, a Master 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.</p>																					
<b>Gabriel Chiappini</b>	<p><i>(Non-Executive Director and Company Secretary)</i></p> <p>Mr Chiappini is an experienced ASX director and has been active in the capital markets for 17 years. Mr Chiappini has assisted in raising in excess of AUD \$400m in funding and has provided investment and divestment guidance to a number of companies. Mr Chiappini specialises in start-up companies and assists companies with their growth and strategic direction. Mr Chiappini is a member of the Australian Institute of Company Directors and Chartered Accountants Australia &amp; New Zealand.</p> <p>Mr Chiappini held directorships with the following listed companies in the 3 year immediately prior to the date of this report.</p> <table border="1"> <thead> <tr> <th>NAME</th> <th>DATE APPOINTED</th> <th>DATE RESIGNED</th> </tr> </thead> <tbody> <tr> <td>Invictus Energy Limited</td> <td>12 August 2015</td> <td>Current</td> </tr> <tr> <td>Eneabba Gas Limited</td> <td>26 September 2016</td> <td>Current</td> </tr> <tr> <td>Fastbrick Robotics Limited: - Non-Executive Director</td> <td>15 December 2011</td> <td>9 August 2018</td> </tr> <tr> <td>- Non-Executive Chairman</td> <td>21 March 2012</td> <td>18 November 2015</td> </tr> <tr> <td>Scotgold Resources Limited</td> <td>27 May 2016</td> <td>20 May 2017</td> </tr> <tr> <td>Global Geoscience Limited</td> <td>3 November 2015</td> <td>23 May 2017</td> </tr> </tbody> </table>	NAME	DATE APPOINTED	DATE RESIGNED	Invictus Energy Limited	12 August 2015	Current	Eneabba Gas Limited	26 September 2016	Current	Fastbrick Robotics Limited: - Non-Executive Director	15 December 2011	9 August 2018	- Non-Executive Chairman	21 March 2012	18 November 2015	Scotgold Resources Limited	27 May 2016	20 May 2017	Global Geoscience Limited	3 November 2015	23 May 2017
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# 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
Richard Crookes	Appointed: 16 October 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% (NPV10) 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.

Black Rock confirms that its 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%. Black Rock is well advanced to completing its Definitive Feasibility Study (DFS) and in September 2018 received approval of its Environmental and Social Impact Assessment.

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 tax for the year ended 30 June 2018 was \$2,053,080 (2017: \$2,590,371). During 2018, the Company focused its objectives on an optimized PFS, completion of pilot plant, marketing its high premium graphite and working towards completion of Definitive Feasibility Study. The Company is also dealing with new Tanzanian mining legislation introduced in July 2017 that allows for 16% Government free carry and increased royalty rate. In FY18 the company's main objective was to move into a development and strategic pathway to allow the company to look to the establishment of the mine. Some of the milestones achieved in FY18 and to the date of this report include:

- Optimised Pre Feasibility 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 Government 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. 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 Officer
- Pilot Plant processing, world first 99%+ purity graphite concentrate in a conventional flotation circuit at scale
- Positive feedback received from potential Mahenge customers from its 90-tonne pilot plant operation
- 530-tonne export shipment of ore from Mahenge validates logistics route via rail haulage to Dar es Salaam
- Commencement of DFS which is on track for completion in September 2018
- Tanzanian Environmental and Social Impact Assessment lodged for approval in 2018 and in September 2018, the Company was awarded the Environmental Assessment certificate.

### Corporate and Financial Position

Consolidated net assets at year-end were \$18,283,485 against \$15,541,101 at the close of the prior year. Total cash held at year-end was \$1,788,150 (2017: \$2,139,779).

## 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.

## Subsequent events

Other than the below, the Directors are not aware of any matter or circumstance that has significant 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 2018 the Company announced its successful placement of 78,125,000 ordinary shares raising \$3.0 million to be used to continue project development, marketing of Black Rock's graphite to offtake partners, permitting and mining licence process and for general working capital.

## 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.

## 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 20 million 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
<b>Listed options</b>	
Expiring 30 November 2018 at \$0.075	33,966,655
	33,966,655
<b>Unlisted options</b>	
Expiring 12 April 2020 at \$0.20	5,000,000
Expiring 31 August 2020 at \$0.10	6,250,000
Expiring 31 August 2020 at \$0.10	6,250,000
Expiring 31 August 2020 at \$0.10	6,250,000
Expiring 31 August 2020 at \$0.10	6,250,000
	30,000,000

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

# DIRECTORS' REPORT

## Performance rights

### Performance rights granted to directors

During and since the end of the financial year, no new performance rights were granted to directors of the Company. During the financial year, performance rights on issue to directors and former directors totalling 6,400,000 were cancelled.

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
Richard Crookes	500,000					-
- Unlisted Options		5,000,000	17-Oct-17	31-Aug-20	\$0.10	
John de Vries	1,650,000					-
- Unlisted Options		5,000,000	28-Nov-17	31-Aug-20	\$0.10	
Stephen Copulos	97,396,336					-
- Listed Options		6,666,666	09-May-16	30-Nov-18	\$0.075	
- Unlisted Options		5,000,000	28-Nov-17	31-Aug-20	\$0.10	
Gabriel Chiappini	5,625,000					-
- Listed Options		266,666	09-May-16	30-Nov-18	\$0.075	
- Unlisted Options		5,000,000	28-Nov-17	31-Aug-20	\$0.10	

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

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

## Directors' 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
Richard Crookes	7	7
John de Vries	8	8
Stephen Copulos	8	8
Gabriel Chiappini	8	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 18 to the financial statements.

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

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

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

## Auditor's Independence Declaration

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

## Proceedings on behalf of the Company

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

# DIRECTORS' REPORT

## Remuneration Report (Audited)

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 2018. 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:

Richard Crookes	Chairman Non-Executive	Appointed 16 October 2017
John de Vries	Chief Executive Officer & Executive Director	Appointed 16 March 2017
Stephen Copulos	Non-Executive Director	Appointed 22 January 2015
Gabriel Chiappini	Non-Executive Director & Company Secretary	Appointed 21 March 2012 Appointed 12 July 2013

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

### Remuneration policy

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

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

### 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

## Remuneration Report (Audited) (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:

2018	SHORT TERM EMPLOYEE BENEFITS - SALARY AND FEES	OTHER (iii)	POST EMPLOYMENT BENEFITS - SUPERANNUATION	SHARE BASED PAYMENT	TOTAL	% LINKED TO PERFORMANCE
	\$		\$	\$	\$	
Richard Crookes (i)	62,634	-	6,359	68,375	137,368	49.8%
John de Vries (ii)	300,000	23,089	20,040	89,250	432,379	20.6%
Stephen Copulos	58,333	-	-	89,250	147,583	60.5%
Gabriel Chiappini	39,000	-	-	89,250	128,250	69.6%
	<b>459,967</b>	<b>23,089</b>	<b>26,399</b>	<b>336,125</b>	<b>845,580</b>	

2017	SHORT TERM EMPLOYEE BENEFITS - SALARY AND FEES	OTHER (iii)	POST EMPLOYMENT BENEFITS - SUPERANNUATION	SHARE BASED PAYMENT	TOTAL	% LINKED TO PERFORMANCE
	\$		\$	\$	\$	
Stephen Copulos	108,333	-	-	90,547	198,880	45.5%
John de Vries (ii)	130,023	7,696	12,352	56,806	206,877	28.5%
Gabriel Chiappini	67,500	-	-	90,546	158,046	57.3%
Steven Tambanis (iv)	261,667	16,016	26,167	128,066	431,916	30.8%
	567,523	23,712	38,519	365,965	995,719	

(i) Mr Richard Crookes remuneration package consists of an annual salary of \$100,000 plus statutory superannuation.

(ii) Mr John de Vries remuneration package consists of an annual salary of \$300,000 plus statutory superannuation.

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

(iv) Mr Steven Tambanis resigned as director of the Company 24 April 2017.

### Key Terms of Employment Contracts

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

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

The Non-Executive Directors are bound by letter of appointments. 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 payment arrangements

#### Options

The following options were issued during the year, affecting key management personnel remuneration:

	NUMBER OF SHARE OPTIONS - TRANCHE A	NUMBER OF SHARE OPTIONS - TRANCHE B	NUMBER OF SHARE OPTIONS - TRANCHE C	NUMBER OF S HARE OPTIONS - TRANCHE D	TOTAL
Richard Crookes	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
John de Vries	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Stephen Copulos	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Gabriel Chiappini	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
	5,000,000	5,000,000	5,000,000	5,000,000	20,000,000

The options will vest subject to the following conditions:

- In relation to Tranche A: the Company's shares have traded at 10c or over for 10 consecutive trading days;
- In relation to Tranche B: the Company's shares have traded at 20c or over for 10 consecutive trading days;
- In relation to Tranche C: the Company's shares have traded at 30c or over for 10 consecutive trading days;
- In relation to Tranche D: the Company's shares have traded at 40c or over for 10 consecutive trading days.

# DIRECTORS' REPORT

## Remuneration Report (Audited) (CONTINUED)

### Elements of director and executive remuneration (CONTINUED)

Details of unissued shares or interests under option at the date of this report are:

ISSUING ENTITY	NUMBER OF SHARES UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE OF OPTION	EXPIRY DATE OF OPTIONS
Black Rock Mining	5,000,000	Ordinary	\$0.10	31 August 2020
Black Rock Mining	5,000,000	Ordinary	\$0.10	31 August 2020
Black Rock Mining	5,000,000	Ordinary	\$0.10	31 August 2020
Black Rock Mining	5,000,000	Ordinary	\$0.10	31 August 2020

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company.

The options above (20 million) pertain only to those issued to key management personnel during the year and represent only a portion of the total options issued during the year which are disclosed above.

#### Performance rights

No new performance rights were issued during the reporting period.

#### 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	126,000	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.

## 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 2018:

	2018	2017	2016	2015	2014
Revenue (\$'s)	<b>24,183</b>	187,548	11,602	80,616	29,681
Net loss before tax (\$'s)	<b>(2,053,080)</b>	(2,590,371)	(1,349,305)	(995,121)	(2,428,562)
Net loss after tax (\$'s)	<b>(2,053,080)</b>	(2,590,371)	(1,349,305)	(995,121)	(2,428,562)
Share Price at start of year	<b>\$0.066</b>	\$0.066	\$0.028	\$0.02	\$0.02
Share Price at year end	<b>\$0.04</b>	\$0.066	\$0.066	\$0.03	\$0.02
Loss per share	<b>\$0.0547</b>	\$0.1176	\$0.005	\$0.007	\$0.026

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

## Relationship between Company Performance and Remuneration Policy (CONTINUED)

### Movement in shares

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

#### Ordinary Shares

2018	1 JULY 2017	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS/ PERFORMANCE RIGHTS	SALES	OTHER CHANGES	30 JUNE 2018
Richard Crookes	-	500,000	-	-	-	500,000
John de Vries	650,000	1,000,000	-	-	-	1,650,000
Stephen Copulos	93,796,003	3,583,333	-	-	-	97,379,336
Gabriel Chiappini	5,125,000	500,000	-	-	-	5,625,000

### 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:

2018	1 JULY 2017	OPTIONS GRANTED FREE ATTACHING	OPTIONS GRANTED AS REMUNERATION	OPTIONS LAPSED	OTHER CHANGES	30 JUNE 2018	VESTED AND EXERCISABLE AT 30 JUNE 2018	VESTED DURING THE YEAR
Richard Crookes	-	-	5,000,000	-	-	5,000,000	5,000,000	-
John de Vries	-	-	5,000,000	-	-	5,000,000	5,000,000	-
Stephen Copulos	1,291,080	-	5,000,000	(1,291,080)	-	5,000,000	5,000,000	-
Gabriel Chiappini	-	-	5,000,000	-	-	5,000,000	5,000,000	-

### Movement in listed options

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

2018	1 JULY 2017	OPTIONS GRANTED FREE ATTACHING	OPTIONS EXERCISED	SALES	OTHER CHANGES	30 JUNE 2018
Richard Crookes	-	-	-	-	-	-
John de Vries	-	-	-	-	-	-
Stephen Copulos	6,666,666	-	-	-	-	6,666,666
Gabriel Chiappini	266,666	-	-	-	-	266,666

### 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:

2018	1 JULY 2017	PERFORMANCE RIGHTS GRANTED	PERFORMANCE RIGHTS EXERCISED	OTHER CHANGES (i)	30 JUNE 2018
Richard Crookes	-	-	-	-	-
John de Vries	2,400,000	-	-	(2,400,000)	-
Stephen Copulos	1,200,000	-	-	(1,200,000)	-
Gabriel Chiappini	1,200,000	-	-	(1,200,000)	-

(i) Other changes represent performance rights cancelled during the year by mutual consent.

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## DIRECTORS' 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.

*Richard Crookes*

**Richard Crookes**  
CHAIRMAN

Perth, 20th September 2018

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## AUDITOR'S INDEPENDENCE DECLARATION

# Deloitte.

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Tower 2, Brookfield Place  
123 St Georges Terrace  
Perth WA 6000  
GPO Box A46  
Perth WA 6837 Australia

Tel: +61 8 9365 7000  
Fax: +61 8 9365 7001  
www.deloitte.com.au

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

20 September 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 audit of the consolidated financial statements of Black Rock Mining Limited for the financial year ended 30 June 2018, 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**



**Ian Skelton**  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	NOTE	\$	\$
<b>Continuing operations</b>			
Interest income		11,111	8,081
Government Grants		-	179,467
Other revenue		13,073	-
Administration expenses		(579,468)	(901,015)
Employee benefit expense		(404,799)	(445,071)
Exploration expenditure		(374)	-
Consulting expense		(715,239)	(1,258,721)
Depreciation and amortisation expense		(9,845)	(3,442)
Net foreign currency exchange differences		(23,998)	(34,510)
Other expenses from ordinary activities		(291,541)	(361,270)
Impairment of investments		-	(1,030,856)
Loss on sale of investment		(52,000)	-
<b>Loss before tax</b>		<b>(2,053,080)</b>	(3,847,337)
Income tax benefit	6	-	-
<b>Loss for the year from continuing operations</b>		<b>(2,053,080)</b>	(3,847,337)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	7	-	1,256,966
<b>LOSS FOR THE YEAR</b>		<b>(2,053,080)</b>	(2,590,371)
<b>Other comprehensive income, net of income tax</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences for foreign operations		16,880	27,144
Gain on revaluation of investments		87,714	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED</b>		<b>(1,948,486)</b>	(2,563,227)
Loss for the year attributable to owners of the Company		(2,053,080)	(2,590,371)
Total comprehensive income attributable to the owners of the Company		(1,948,486)	(2,563,227)
<b>Loss per share</b>			
From continuing and discontinuing operations			
Basic and diluted loss per share	21	(0.0547)	(0.1176)
From continuing operations			
Basic and diluted loss per share	21	(0.0547)	(0.0794)

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 2018

		FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	NOTE	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and bank balances	8	<b>1,788,150</b>	2,139,779
Trade and other receivables		<b>141,059</b>	37,880
Total current assets		<b>1,929,209</b>	2,177,659
<b>Non-current assets</b>			
Exploration & evaluation asset	10	<b>16,574,559</b>	13,540,833
Property, plant and equipment		<b>19,077</b>	26,425
Other financial assets	11	<b>285,071</b>	477,357
Total non-current assets		<b>16,878,707</b>	14,044,615
<b>Total assets</b>		<b>18,807,916</b>	16,222,274
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	<b>502,877</b>	628,600
Provisions		<b>21,554</b>	52,573
Total current liabilities		<b>524,431</b>	681,173
<b>Total liabilities</b>		<b>524,431</b>	681,173
<b>Net assets</b>		<b>18,283,485</b>	15,541,101
<b>Equity</b>			
Issued capital	13	<b>52,371,878</b>	47,925,610
Reserves	14	<b>2,372,792</b>	2,378,713
Accumulated losses	15	<b>(36,461,185)</b>	(34,763,222)
<b>Total equity</b>		<b>18,283,485</b>	15,541,101

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

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	ISSUED CAPITAL \$	ACCUMULATED LOSSES \$	ASSET REVALUATION RESERVE	SHARE BASED PAYMENT RESERVE \$	FOREIGN CURRENCY RESERVE \$	TOTAL EQUITY \$
<b>Balance at 30 June 2016</b>	13, 14, 15	40,253,116	(32,172,851)	-	2,125,784	(159,280)	<b>10,046,769</b>
Loss for the year		-	(2,590,371)	-	-	-	<b>(2,590,371)</b>
Other comprehensive income for the year, net of tax		-	-	-	-	27,145	<b>27,145</b>
<b>Total comprehensive income for the year</b>		-	(2,590,370)	-	-	27,145	<b>(2,563,226)</b>
Issue of ordinary shares		7,170,248	-	-	-	-	<b>7,170,248</b>
Reallocation of option reserve of free attaching options		-	-	-	680,667	-	<b>680,667</b>
Cost of share capital issued		(329,711)	-	-	-	-	<b>(329,711)</b>
Issue of shares following vesting of performance rights		150,867	-	-	(150,867)	-	<b>-</b>
Options exercised during the year		681,090	-	-	(681,090)	-	<b>-</b>
Options expired during the year		-	-	-	(682)	-	<b>(682)</b>
Cost of share based payments		-	-	-	537,036	-	<b>537,036</b>
<b>Balance at 30 June 2017</b>	13, 14, 15	<b>47,925,610</b>	<b>(34,763,222)</b>	-	<b>2,510,848</b>	<b>(132,135)</b>	<b>15,541,101</b>
Loss for the year		-	(2,053,081)	-	-	-	<b>(2,053,081)</b>
Other comprehensive income for the year, net of tax		-	-	87,714	-	16,880	<b>104,594</b>
<b>Total comprehensive income for the year</b>		-	(2,053,081)	87,714	-	16,880	<b>(1,948,487)</b>
Issue of ordinary shares		4,740,000	-	-	-	-	<b>4,740,000</b>
Cost of share capital issued		(293,732)	-	-	-	-	<b>(293,732)</b>
Cost of share based payments		-	-	-	414,601	-	<b>414,601</b>
Performance rights expired not vested during the period		-	-	-	(169,998)	-	<b>(169,998)</b>
Options cancelled during the year		-	355,118	-	(355,118)	-	<b>-</b>
<b>Balance at 30 June 2018</b>	13, 14, 15	<b>52,371,878</b>	<b>(36,461,185)</b>	<b>87,714</b>	<b>2,400,333</b>	<b>(115,255)</b>	<b>18,283,485</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

		FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	NOTE	\$	\$
<b>Cash flow from operating activities</b>			
Payments to suppliers and employees		<b>(1,740,077)</b>	(1,614,295)
Net cash flows used in operating activities	8	<b>(1,740,077)</b>	(1,614,295)
<b>Cash flow from investing activities</b>			
Exploration expenditure		<b>(3,584,304)</b>	(5,860,569)
Interest received		<b>11,111</b>	8,081
Payments for property, plant and equipment		<b>(7,288)</b>	(25,980)
Proceeds on sale of investment		<b>-</b>	4,791
Proceeds on sale of equity investments		<b>228,000</b>	305,300
Government grants received		<b>359,505</b>	179,467
Net cash flows used in investing activities		<b>(2,992,976)</b>	(5,388,910)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		<b>4,740,000</b>	7,130,250
Payment of share issue costs		<b>(293,732)</b>	(329,711)
Net cash flows provided by financing activities		<b>4,446,268</b>	6,800,539
Net increase/(decrease) in cash held		<b>(286,785)</b>	(202,666)
Cash at the beginning of the financial year		<b>2,139,779</b>	2,359,185
Effect of exchange movement on cash balances		<b>(64,844)</b>	(16,740)
<b>Cash and cash equivalents at the end of the year</b>	8	<b>1,788,150</b>	2,139,779

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

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 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 20 September 2018.

### 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 \$2,053,080 (30 June 2017: \$2,590,371), experienced net cash outflows from operating activities of \$1,740,077 (30 June 2017: \$1,434,828) and cash outflows from exploration and evaluation expenditure of \$3,584,304 (30 June 2017: \$5,860,569) for the year ended 30 June 2018.

During the financial year the consolidated entity deployed its working capital into its graphite prospects in Mahenge, Tanzania, which resulted in the consolidated entity completing its optimized pre-feasibility study during August 2017, and the completion of a Pilot Plant; processing a world first 99%+ purity graphite concentrate in a conventional flotation circuit at scale. Additionally, the consolidated entity commenced its Definitive Feasibility Study on the project, and the submission of the Tanzanian Environmental and Social Impact Assessment. The consolidated entity's key FY19 objectives are to deliver a Definitive Feasibility Study and secure offtake supply agreements.

The Directors have prepared a base case cash flow forecast, which indicates the consolidated entity has a requirement for additional capital. During September 2018, the consolidated entity completed a share placement with institutional and sophisticated investors of 78,125,000 shares at \$0.032 per share raising \$2,350,000 (after capital raising cost). In addition to the capital raised, the Company will be required to raise no less than \$2,400,000 by February 2019 to meet its base case cash flow forecast and continue its activities.

Based on the consolidated entity's history of raising capital as and when required, and subject to the general market conditions, the Directors are confident in the consolidated entity's ability to raise additional capital. Therefore, the financial report is prepared on the going concern basis.

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 asset and extinguish its liabilities in the normal course of business.

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 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 2017.

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

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

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

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

### 2.2 Standards and Interpretations issued not yet effective

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 <i>Financial Instruments</i> , and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 <i>Revenue from Contracts with Customers</i> , AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> , AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> , and AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018	30 June 2019
AASB 16 <i>Leases</i>	1 January 2019	30 June 2020
AASB 2016-5 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018	30 June 2019
AASB Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018	30 June 2019
AASB Interpretation 23 <i>Uncertainty Over Income Tax Treatments</i> , AASB 2017- 4 <i>Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments</i>	1 January 2019	30 June 2020
Annual Improvements to IFRS Standards 2015–2017 Cycle	1 January 2019	30 June 2020

The Group has reviewed the new Accounting Standards and Interpretations which have been released but are not yet effective and assessed their impact as follows:

- AASB 9 will have an impact as the Group has asset revaluation reserve. Based on the Group's initial assessments, the asset revaluation reserves is required to be reclassified into its statement of profit or loss and other comprehensive income under AASB 9.
- AASB 15 is not likely to have a material impact on the financial statements under the new standard.
- AASB 16 is not likely to have a material impact as the Group currently has no operating leases.

All other standards summarised in the table above are not considered to have a material impact on the Group's results as they are not relevant to the Group's current activities or transactions.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 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:

#### 3.3.1 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.

### 3.4 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).



## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Foreign currencies (CONTINUED)

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

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

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

### 3.5 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.

### 3.6 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 an appropriate valuation 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").

### 3.7 Taxation

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

#### 3.7.1 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.

#### 3.7.2 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Taxation (CONTINUED)

#### 3.7.2 Deferred Tax (CONTINUED)

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.

#### 3.7.3 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.

### 3.8 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% - 67%

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 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.

### 3.10 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.

### 3.11 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.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Financial Instruments (CONTINUED)

#### 3.11.1 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.

##### 3.11.1.1 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.

##### 3.11.1.2 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.

##### 3.11.1.3 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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Financial Instruments (CONTINUED)

#### 3.11.1 Financial Assets (CONTINUED)

##### 3.11.1.4 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.

#### 3.11.2 Financial liabilities

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

##### 3.11.2.1 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.

##### 3.11.2.2 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.

### 3.12 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.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 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.

### 4.2 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 3.9 and Impairment at note 3.10. 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 and a JORC compliant resource.

#### 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 an appropriate 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%.

## 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. The Group's principal activity and focus is that of Graphite in Tanzania. It's geothermal and hydrocarbon activities in Hungary continues to be discontinued operations.

### 5.1 Segment revenues and results

2018	GRAPHITE	CORPORATE	FROM DISCONTINUED OPERATIONS	CONSOLIDATED
Interest	-	11,111	-	11,111
Total revenue	-	24,184	-	24,184
Loss before tax (continuing operations)	(178,197)	(1,874,883)	-	(2,053,080)
Fixed asset additions	-	8,832	-	8,832
Depreciation	2,598	7,247	-	9,845
Impairment	-	-	-	-
2018	GRAPHITE	CORPORATE	FROM DISCONTINUED OPERATIONS	CONSOLIDATED
Total segment assets	12,705,698	6,097,263	4,955	18,807,916
Total segment liabilities	107,708	416,722	1	524,431
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

### 5.2 Geographical segments

2018	TANZANIA	AUSTRALIA	HUNGARY (DISCONTINUED)	CONSOLIDATED
Interest	-	11,111	-	11,111
Total revenue	-	24,184	-	24,184
Non-current assets	12,682,270	4,196,436	-	16,878,707
2017	TANZANIA	AUSTRALIA	HUNGARY (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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 6 INCOME TAXES RELATING TO CONTINUING OPERATIONS

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>(a) Income tax (benefit)/expense</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations	<b>(2,053,080)</b>	(3,847,335)
Profit from discontinuing operations	-	1,256,966
Loss from operations	<b>(2,053,080)</b>	(2,590,369)
Prima facie tax benefit at 27.5% (2017: 27.5%)	<b>(564,597)</b>	(712,352)
Share based payments	<b>230,640</b>	147,685
Non-deductible expenditure	<b>65,990</b>	313,550
Research and development tax rebate	-	(49,353)
Movement in unrecognised temporary differences	<b>(76,441)</b>	(31,622)
Unused tax losses for which no deferred tax asset has been recognised	<b>344,408</b>	332,092
Income tax benefit	-	-
<b>(c) Recognised deferred tax assets and liabilities</b>		
<b>Recognised deferred tax assets comprise:</b>		
Other temporary differences	<b>106,028</b>	150,148
Tax losses available for offset against future taxable income	<b>997,634</b>	746,411
Deferred tax assets on temporary differences not recognised	-	-
	<b>1,103,662</b>	896,559
<b>Recognised deferred tax liabilities comprise:</b>		
Exploration and evaluation	<b>1,079,541</b>	896,559
Unrealised foreign exchange movements	-	-
Other financial assets	<b>24,121</b>	-
	<b>1,103,662</b>	896,559

### *Unrecognised deferred tax assets*

Unused tax losses for which no deferred tax asset has been recognised are \$15,878,433 (2017: \$15,613,416) all of which originate within Australia. Potential tax benefit is \$4,366,569 (2017: \$4,293,689). 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 2018 (2017: 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.



## 7 DISCONTINUED OPERATIONS

### 7.1 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 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>Loss for the year from discontinued operations</b>		
Revenue	-	1,268,236
Administration expense	-	(422)
Consulting expense	-	(29,539)
Net foreign exchange loss	-	17,770
Gain on disposal of interest in former associate	-	920
Profit / (Loss) for the year from discontinued operations (attributable to owners of the Company)	-	1,256,965

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>Cash flows from discontinued operations</b>		
Net cash inflows/(outflows) from operating activities	-	(18,918)
Net cash inflows/(outflows) from investing activities	-	-
Net cash inflows/(outflows) from financing activities	-	-
	-	(18,918)

## 8 CASH AND CASH EQUIVALENTS

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

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Cash and bank balances	<b>1,788,150</b>	2,139,779
	<b>1,788,150</b>	2,139,779

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 8 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Loss after income tax	(2,053,081)	(2,590,370)
Depreciation and amortisation of non-current assets	9,845	3,442
Share based payments to key management personnel	263,208	-
Net foreign exchange gain/(loss)	32,243	(17,770)
Investment revenue recognised in profit or loss	(11,111)	(8,081)
Exploration expenditure paid in shares	31,250	40,000
Loss/(gain) on disposal of investment	52,000	(920)
(Reversal)/impairment of investments	-	1,030,856
	(1,675,646)	(1,542,843)
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	(103,179)	(13,252)
Increase/(decrease) in trade and other payables	69,767	97,556
Increase/(decrease) in employee entitlements provision	(31,019)	23,711
Net cash used in operating activities	(1,740,077)	(1,434,828)

### 8.2 Non Cash transactions

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>Investing activity</b>		
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
<b>Financing activity</b>		
Performance rights exercised into shares	-	(537,036)

## 9 SUBSIDIARIES

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

NAME OF SUBSIDIARY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP	
		FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
Green Rock Energy International Pty Ltd	Australia	100%	100%
Green Rock (Vulcan) Energy Kft	Hungary	100%	100%
Mahenge Resources Limited	Tanzania	100%	100%

## 10 EXPLORATION AND EVALUATION ASSET

IN THE EXPLORATION PHASE	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Balance at beginning of year	<b>13,540,833</b>	7,639,211
Expenditure incurred during the year (at cost)	<b>3,245,186</b>	5,901,622
Foreign exchange effect	<b>(211,459)</b>	-
Balance at end of year	<b>16,574,559</b>	13,540,833

### Reconciliation of Expenditure incurred during the year (at cost):

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Cash paid for exploration and evaluation	<b>3,584,305</b>	5,767,938
Accruals in prior year	<b>(214,501)</b>	(233,414)
Accruals in current year	<b>235,262</b>	367,098
Research and development offset received	<b>(359,880)</b>	-
Total expenditure incurred during the year (at cost)	<b>3,245,186</b>	5,901,622

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 balance of \$16,574,559 (2017: \$13,540,833) at reporting date represents the carrying value of its Graphite assets in Tanzania.

## 11 OTHER FINANCIAL ASSETS (NON-CURRENT)

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Shares in Eneabba Gas Limited (at fair value)	-	280,000
Shares in UIL Energy Limited (at fair value)	<b>285,071</b>	197,357
	<b>285,071</b>	477,357

The UIL Energy shares have been fair valued and assessed for impairment reversal in 2018 of \$87,714 (2017: impairment loss of \$1,030,856) which has been recognised in the Other Comprehensive Income.

## 12 TRADE AND OTHER PAYABLES

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Trade creditors	<b>246,140</b>	93,684
Accruals	<b>230,176</b>	466,260
Other liabilities	<b>26,561</b>	68,655
	<b>502,877</b>	628,599

Included in trade creditors and accruals is an amount of \$235,262 (2017: \$425,960) relating to exploration expenditure.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 13 ISSUED CAPITAL

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
443,734,701 ordinary shares issued and fully paid (30 June 2017: 364,734,701)	<b>52,371,878</b>	47,925,610
	<b>52,371,878</b>	47,925,610

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.

### 13.1 Fully paid ordinary shares

	NUMBER OF SHARES	SHARE CAPITAL \$
Balance at 30 June 2016	285,404,703	40,253,116
Shares issued 1 August 2016 (0.16 cents per share) (ii)	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) (ii)	833,332	62,500
Shares issued 5 August 2016 (0.05 cents per share) (ii)	30,000	1,500
Shares issued 17 August 2016 (0.05 cents per share) (ii)	300,000	15,000
Shares issued 23 August 2016 (0.075 cents per share) (ii)	33,333	2,500
Shares issued 13 September 2016 (0.075 cents per share) (ii)	500,000	37,500
Shares issued 21 September 2016 (0.15 cents per share) (ii)	31,833,333	4,775,000
Shares issued 17 November 2016 (0.075 cents per share) (ii)	150,000	9,000
Shares issued 17 November 2016 (0.05 cents per share) (ii)	100,000	5,000
Shares issued 17 November 2016 (0.06 cents per share) (ii)	150,000	9,000
Shares issued 28 November 2016 (0.06 cents per share) (ii)	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) (ii)	180,000	9,000
Shares issued 6 March 2017 (0.05 cents per share) (ii)	2,345,026	117,251
Shares issued 10 March 2017 (0.05 cents per share) (ii)	1,798,000	89,900
Shares issued 17 March 2017 (0.05 cents per share) (ii)	965,170	48,259
Shares issued 20 March 2017 (0.05 cents per share) (ii)	200,000	10,000
Shares issued 24 March 2017 (0.05 cents per share) (ii)	26,916,804	1,345,840
Shares issued 31 March 2017 (0.05 cents per share) (ii)	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
Shares issued 13 November 2017 (0.06 cents per share)	70,000,000	4,200,000
Shares issued 11 January 2018 (0.06 cents per share)	9,000,000	540,000
Less: capital raising costs	-	(293,732)
	<b>443,734,701</b>	<b>52,371,878</b>

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

(ii) Shares issued on exercise of options

## 13 ISSUED CAPITAL (CONTINUED)

### 13.2 Options

	OPENING BALANCE	EXERCISED IN YEAR	GRANTED IN YEAR	EXPIRED IN YEAR	CLOSING BALANCE
	NO.	NO.	NO.	NO.	NO.
<b>Listed options</b>					
Expiring 30 November 2018 at \$0.075	33,966,655	-	-	-	33,966,655
	33,966,655	-	-	-	33,966,655
<b>Unlisted options</b>					
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	-	-	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
	13,300,003	-	25,000,000	(8,300,003)	30,000,000
Weighted average exercise price	\$0.24				

The weighted average remaining contractual life of options as at 30 June 2018 is 723 days (2017: 701 days).

## 14 RESERVES (NET OF INCOME TAX)

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>Reserves</b>		
Share based payments reserve (i)	<b>2,400,333</b>	2,510,849
Foreign translation reserve (ii)	<b>(115,255)</b>	(132,136)
Asset revaluation reserve (iii)	<b>87,714</b>	-
	<b>2,372,792</b>	2,378,713

### (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 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Balance at the beginning of the year	<b>2,510,849</b>	2,125,784
Add: Share based payments to consultants	-	680,667
Add: Amounts expensed in the current year	<b>414,601</b>	537,036
Less: Options expired in the current year	<b>(355,118)</b>	-
Less: Options vested during the period	-	(681,771)
Less: Performance rights expired not vested during the year	<b>(169,999)</b>	-
Less: Performance rights vested and exercised	-	(150,867)
	<b>2,400,333</b>	2,510,849

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 14 RESERVES (NET OF INCOME TAX) (CONTINUED)

### (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.

### (iii) Asset Revaluation Reserve

The asset revaluation reserve arises from the revaluation of the Group's listed equity investment in UIL Energy Limited.

## 15 ACCUMULATED LOSSES

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Balance at beginning of the year	34,763,222	32,172,852
Net loss attributable to members	2,053,081	2,590,370
Transfer to share option reserve	(355,118)	-
Balance at end of year	36,461,185	34,763,222

## 16 SHARE BASED PAYMENTS

### (a) Employee Share Incentive Scheme

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

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

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

The share based payment arrangements that were in existence during current and prior-reporting periods is detailed in note 13.1. During the year, the share based payment expense recognised in the consolidated statement of profit and loss totaled \$256,125 (2017: \$537,036).

#### 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
17/10/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0191
17/10/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0044
17/10/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0015
17/10/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0006
28/11/2017	31/8/2020	\$0.10	-	3,750,000	-	3,750,000	3,750,000	\$0.0259
28/11/2017	31/8/2020	\$0.10	-	3,750,000	-	3,750,000	3,750,000	\$0.0193
28/11/2017	31/8/2020	\$0.10	-	3,750,000	-	3,750,000	3,750,000	\$0.0140
28/11/2017	31/8/2020	\$0.10	-	3,750,000	-	3,750,000	3,750,000	\$0.0122

The options may only be exercised where the following vesting conditions have been satisfied:

- In relation to the first 5,000,000 Options – the Company's shares have traded at 10c or over for 10 trading days;
- In relation to the next 5,000,000 Options – the Company's shares have traded at 20c or over for 10 trading days;
- In relation to the next 5,000,000 Options – the Company's shares have traded at 30c or over for 10 trading days; and
- In relation to the last 5,000,000 Options – the Company's shares have traded at 40c or over for 10 trading days.

## 16 SHARE BASED PAYMENTS (CONTINUED)

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

#### Messrs de Vries, Copulos & Chiappini

TRANCHE	TRANCHE A	TRANCHE B	TRANCHE C	TRANCHE D
Grant date	28 November 2017	28 November 2017	28 November 2017	28 November 2017
Number of options	3,750,000	3,750,000	3,750,000	3,750,000
Method	Trinomial	Trinomial	Trinomial	Trinomial
Grant date share price (cents)	7.4	7.4	7.4	7.4
Exercise price (cents)	10	20	30	40
Expected volatility	100%	100%	100%	100%
Option life	2.75 years	2.75 years	2.75 years	2.75 years
Dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	1.89%	1.89%	1.89%	1.89%

#### Mr Crookes

TRANCHE	TRANCHE A	TRANCHE B	TRANCHE C	TRANCHE D
Grant date	17 October 2017	17 October 2017	17 October 2017	17 October 2017
Number of options	1,250,000	1,250,000	1,250,000	1,250,000
Method	Trinomial	Trinomial	Trinomial	Trinomial
Grant date share price (cents)	6	6	6	6
Exercise price (cents)	10	20	30	40
Expected volatility	100%	100%	100%	100%
Option life	2.83 years	2.83 years	2.83 years	2.83 years
Dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	1.92%	1.92%	1.92%	1.92%

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

	2018		2017	
	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
Granted during the financial year:				
- Directors	20,000,000	10.00	-	-
- Employees	-	-	-	-
Forfeited/Expired	-	-	-	-
Exercised	-	-	(375,000)	3.00
Balance at the end of the financial year	20,000,000	10.00	-	-
Vested and Exercisable at the end of the year	20,000,000	10.00	-	-

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 exercise price of \$0.10 and a weighted average remaining contractual life of 723 days (2017: 0 days).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 16 SHARE BASED PAYMENTS (CONTINUED)

### (b) Share Based Payments – Other

During the period share options were issued to a consultant of the company as follows in lieu of mandated monthly fees as part of a strategic consulting agreement:

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
29/8/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0191
29/8/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0044
29/8/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0015
29/8/2017	31/8/2020	\$0.10	-	1,250,000	-	1,250,000	1,250,000	\$0.0006

The options may only be exercised where the following vesting conditions have been satisfied:

- (i) In relation to the first 1,250,000 Options – the Company's shares have traded at 10c or over for 10 trading days;
- (ii) In relation to the next 1,250,000 Options – the Company's shares have traded at 20c or over for 10 trading days;
- (iii) In relation to the next 1,250,000 Options – the Company's shares have traded at 30c or over for 10 trading days; and
- (iv) In relation to the last 1,250,000 Options – the Company's shares have traded at 40c or over for 10 trading days.

TRANCHE	TRANCHE A	TRANCHE B	TRANCHE C	TRANCHE D
Grant date	29 August 2017	29 August 2017	29 August 2017	29 August 2017
Number of options	1,250,000	1,250,000	1,250,000	1,250,000
Method	Trinomial	Trinomial	Trinomial	Trinomial
Grant date share price (cents)	4	4	4	4
Exercise price (cents)	10	10	10	10
Expected volatility	100%	100%	100%	100%
Option life	3 years	3 years	3 years	3 years
Dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	1.96%	1.96%	1.96%	1.96%



## 16 SHARE BASED PAYMENTS (CONTINUED)

### (c) Performance rights

	OPENING BALANCE	GRANTED IN PERIOD	EXERCISED IN PERIOD	EXPIRED IN PERIOD	CANCELLED IN PERIOD	CLOSING BALANCE
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)	-
	8,400,000	-	-	-	(8,400,000)	-

#### Performance Rights issued during 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	TRANCHE 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

PERFORMANCE RIGHTS	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 (800,000)	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:

- 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. The Tranche A performance rights expired during the prior reporting period.
- 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;
- Tranche C : The Company achieving a target share price of \$0.30 based on a 10 day VWAP;
- Tranche D : Subject to the Executive's continuous employment and will vest over 3 years;
- 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 16 SHARE BASED PAYMENTS (CONTINUED)

### (c) Performance rights (CONTINUED)

#### Messrs Copulos & Chiappini

Grant date	30 November 2016	
Number of performance rights:		
- S Copulos	1,200,000	
- G Chiappini	1,200,000	
<b>METHOD</b>	<b>BLACK &amp; SCHOLES</b>	<b>MONTE CARLO SIMULATION</b>
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%

#### Mr de Vries

Grant date	1 March 2017				
Number of performance rights:					
- J de Vries	2,400,000				
<b>METHOD</b>	<b>HOADLEY TRADING AND INVESTMENT MODEL</b>	<b>HOADLEY TRADING AND INVESTMENT MODEL</b>	<b>HOADLEY TRADING AND INVESTMENT MODEL</b>	<b>HOADLEY TRADING AND INVESTMENT MODEL</b>	<b>MONTE CARLO SIMULATION</b>
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	CANCELLED IN PERIOD	CLOSING BALANCE	ORDINARY SHARES ISSUED	ISSUED SHARE VALUE
Tranche B	1,200,000	-	-	-	(1,200,000)	-	-	-
Tranche C	1,200,000	-	-	-	(1,200,000)	-	-	-
Tranche D	1,200,000	-	-	-	(1,200,000)	-	-	-
Tranche E	1,200,000	-	-	-	(1,200,000)	-	-	-
	4,800,000	-	-	-	(4,800,000)	-	-	-

Tranche A performance rights expired during the prior reporting period.

## 17 KEY MANAGEMENT PERSONNEL COMPENSATION

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

Richard Crookes	Non-Executive Chairman	Appointed – 16 October 2017
John de Vries	Chief Executive Officer & Executive Director	Appointed – 16 March 2017
Stephen Copulos	Non-Executive Director	Appointed – 22 January 2015
Gabriel Chiappini	Non-Executive Director	Appointed – 21 March 2012
	Company Secretary	Appointed – 12 July 2013

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

	FOR THE YEAR ENDED 30 JUNE 2018	FOR THE YEAR ENDED 30 JUNE 2017
	\$	\$
Short-term employee benefit	459,967	567,523
Post-employment benefits	26,399	38,519
Share-based payments	336,125	365,966
Other	23,089	23,712
	<b>845,580</b>	995,720

## 18 REMUNERATION OF AUDITORS

### Auditor of the parent entity

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

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Audit or review of the financial statements (Parent auditor)	33,705	40,488
Audit or review of the financial statements (Other group entities auditor)	16,078	13,269
	<b>49,783</b>	53,757

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

## 19 RELATED PARTY TRANSACTIONS

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

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

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

DIRECTOR	VALUE \$	DESCRIPTION
Gabriel Chiappini	\$126,000	Payments to Laurus Corporate Services for financial services provided during the reporting period including but not limited to Director fees, Company Secretary, Capital Markets and Investor Relations, Accounting, Bookkeeping, Management of Tax and Audit requirements and administration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 20 EXPENDITURE COMMITMENTS

### a. Exploration

As part of the Company's license conditions with the Tanzanian Energy and Minerals Department, the Company is obliged to pay USD\$150 per square kilometer to maintain the 7802/2012 license and USD\$100 per square kilometer for the remaining tenements to keep them in good standing.

The license costs per annum are as follows:

PROJECT NAME	LICENSE TYPE	LICENSE NUMBER	AREA KM <sup>2</sup>	RATE PER KM <sup>2</sup>	TOTAL
Mahenge North Project	Graphite	PL 7802/2012	144.10	USD\$150	USD\$21,615
Makonde Project	Graphite	PL 10111/2014	24.83	USD\$100	USD\$2,483
Mahenge East Project	Graphite	PL 10426/2014	154.96	USD\$100	USD\$15,496
Mahenge Southwest Project	Graphite	PL 10427/2014	208.67	USD\$100	USD\$20,867

As part of the original conditions to acquire the exploration licences there were minimum exploration expenditure commitments. These have all been met by 30 June 2018.

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 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.

#### **Exploration Programme**

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

### b. Capital Commitments

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

### c. Operating Lease Commitments

As at 30 June 2018 and at the date of this report, there are no operating lease commitments (2017: Nil).

### d. Contractual Commitments

As at 30 June 2018, the Group had an expenditure commitment to complete the Definitive Feasibility Study with \$787,520 remaining to finalise the study.

During the year, the Group entered a contract for Pilot Programme to process 550 tonnes of Graphite Ore from its Mahenge Graphite project. The maximum value of the contract is CAD\$1,273,567 (AUD\$1,303,415). At the date of this report, the Group has not initiated the contract. The group has the ability and discretion to defer, cancel or amend the contract without penalty.

## 21 LOSS PER SHARE

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

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>Profit/(Loss) used in calculating basic and diluted loss per share</b>		
From continuing operations	<b>(2,053,080)</b>	(3,847,336)
From discontinued operations	-	1,256,966
	<b>(2,053,080)</b>	(2,590,370)
 Weighted average number of ordinary shares used in calculating basic and diluted profit/(loss) per share:		
	<b>375,330,191</b>	327,284,460
<b>Basic and diluted profit/(loss) per share</b>		
From continuing operations	<b>(\$0.0547)</b>	(\$0.1176)
From discontinuing operations	-	\$0.0382
Total basic and diluted profit/ (loss) per share	<b>(\$0.0547)</b>	(\$0.0794)

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

## 22 FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balances. The Group's overall strategy remains unchanged from 2018.

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

### 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 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Cash and bank balances	<b>1,788,150</b>	2,139,799
Trade and other receivables	<b>141,059</b>	37,880
Trade and other payables	<b>(502,877)</b>	(628,600)
	<b>1,426,332</b>	1,549,079

### 22.1 Financial risk management

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

Risk management is the responsibility of the Board of Directors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## 22 FINANCIAL INSTRUMENTS (CONTINUED)

### 22.2 Market risk

#### 22.2.1 Foreign exchange risk

The Group transacts in US Dollars in relation to its Tanzanian operations and has a minority interest in a Geothermal operation in Hungary and is exposed to foreign exchange currency movements arising from various currency exposures, primarily with respect to the US Dollar, Tanzanian Shilling 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 loss for the year would have been \$58,845 higher/lower (2017: \$130,545 higher/ lower) had the Australian dollar strengthened/weakened by 10% against the US Dollar, and the Hungarian Forint.

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

The Group is exposed to interest rate risk through cash and cash equivalents \$1,788,150 (2017: \$2,135,144).

At 30 June 2018, 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 \$894 lower/higher (2017: \$508 lower/higher) mainly as a result of interest income decreases/increases.

##### 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	64,425

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

### 22.3 Liquidity risk

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

#### 22.3.1 Maturities of financial liabilities

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

CREDITOR	<1 MONTH
Trade payables	246,140

### 22.4 Fair value estimation

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

## 23 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2018.

## 24 EVENTS AFTER THE REPORTING DATE

On 6 September 2018 the Company announced it allotted 78,125,000 ordinary shares at \$0.032 per share raising \$2.5 million to be used to continue project development, marketing of Black Rock's graphite to offtake partners, permitting and mining licence process and for general working capital. As a part of the equity raise board and management will subscribe to \$500,000 in the Company's shares on the same terms and conditions. The issue of shares to the board is subject to shareholder approval.

## 25 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 3 for a summary of significant account policies.

### Financial Position

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
<b>Assets</b>		
Current assets	<b>1,900,827</b>	2,159,855
Non-current assets	<b>16,854,145</b>	13,812,187
Total assets	<b>18,754,972</b>	15,972,042
<b>Liabilities</b>		
Current liabilities	<b>388,339</b>	239,161
Non-current liabilities	-	-
Total liabilities	<b>388,339</b>	239,161
<b>Equity</b>		
Issued capital	<b>52,371,879</b>	47,925,610
Retained earnings	<b>(36,462,165)</b>	(34,703,578)
Reserves	<b>2,456,919</b>	2,510,849
Total equity	<b>18,366,633</b>	15,732,881

### Financial performance

	FOR THE YEAR ENDED 30/06/2018	FOR THE YEAR ENDED 30/06/2017
	\$	\$
Loss for the year	<b>4,670,408</b>	4,754,800
Other comprehensive income	-	-
Total comprehensive loss	<b>4,670,408</b>	4,754,800

## 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

*Richard Crookes*

**Richard Crookes**  
CHAIRMAN

Perth, 20th September 2018





Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Tower 2, Brookfield Place  
123 St Georges Terrace  
Perth WA 6000  
GPO Box A46  
Perth WA 6837 Australia

Tel: +61 8 9365 7000  
Fax: +61 8 9365 7001  
www.deloitte.com.au

## 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 2018, 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 2018 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 \$2,053,080 (30 June 2017: \$2,590,371), experienced net cash outflow from operating activities of \$1,740,077 (30 June 2017: \$1,434,828) and cash outflows from exploration and evaluation expenditure of \$3,584,304 (30 June 2017: \$5,860,569) during the year ended 30 June 2018. 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.

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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 Entity'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 matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How the scope of the audit responded to the Key Audit Matter
<p><b>Accounting for Exploration and Evaluation Assets</b></p> <p>As at June 2018 the Consolidated Entity has \$16,574,559 of capitalised exploration and evaluation expenditure as disclosed in Note 10.</p> <p>Significant judgement is applied in determining the treatment of exploration and evaluation expenditure focusing on:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition; and</li> <li>• Whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest;</li> <li>• Assessing whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• 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</li> <li>• Assessing whether any facts or circumstances existed to suggest impairment testing was required.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 10 to the financial statements.</p>

### 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 2018, 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.

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 BLACK ROCK MINING LIMITED 2018 ANNUAL REPORT

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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 the Company 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.
- 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

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# INDEPENDENT AUDIT REPORT

## Deloitte.

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 10 to 13 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Black Rock Mining Limited, for the year ended 30 June 2018, 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, 20 September 2018

## ADDITIONAL ASX INFORMATION

AS AT 17 SEPTEMBER 2018

### Ordinary fully paid shares

#### Range of shares

RANGE	TOTAL HOLDERS	SHARES	% OF SHARE CAPITAL
1 - 1,000	141	54,413	0.01
1,001 - 5,000	170	505,232	0.10
5,001 - 10,000	157	1,296,932	0.25
10,001 - 100,000	867	35,693,605	6.84
100,001 Over	472	484,309,515	92.80
<b>Total</b>	<b>1,807</b>	<b>521,859,697</b>	<b>100.00</b>

#### Unmarketable parcel

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum \$ 500.00 parcel at \$ 0.0300 per unit	16,667	652	4,326,029

#### Top 20 shareholders

RANK	NAME	SHARES	% SHARES
1	COPULOS SUPERANNUATION PTY LTD <COPULOS PROVIDENT FUND A/C>	33,333,333	6.39
2	EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>	31,467,213	6.03
3	GASMERE PTY LTD	15,656,777	3.00
4	JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	13,790,000	2.64
5	SUPERMAX PTY LTD <SUPERMAX SUPER FUND A/C>	11,983,334	2.30
6	WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C>	10,592,499	2.03
7	MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	10,250,000	1.96
8	DANIEL TURNER CAPITAL PTY LTD <DANIEL TURNER FAMILY A/C>	10,000,000	1.92
9	E & E HALL PTY LTD <E & E HALL P/L S/F A/C>	9,270,486	1.78
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <ST A/C>	8,612,747	1.65
11	NATIONAL NOMINEES LIMITED <DB A/C>	7,519,996	1.44
12	PITT STREET ABSOLUTE RETURN FUND PTY LTD	7,031,250	1.35
13	RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>	6,993,047	1.34
14	ARDEN MEDICAL PTY LTD	6,666,666	1.28
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,166,209	1.18
16	SPACETIME PTY LTD <COPULOS EXEC S/FUND NO 1 A/C>	5,999,999	1.15
17	SPINITE PTY LTD	5,680,002	1.09
18	MR GABRIEL CHIAPPINI + MRS ROSA CHIAPPINI <GRAN SASSO FAMILY A/C>	5,525,000	1.06
19	BLAMNCO TRADING PTY LTD	4,750,000	0.91
20	CITICORP NOMINEES PTY LIMITED	4,479,140	0.86
<b>Top 20 holders of ORDINARY FULLY PAID SHARES</b>		<b>215,767,698</b>	<b>41.35</b>

#### Substantial shareholders

	SHARES	% OF SHARES
Copulos Group	97,129,336	18.61%

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## ADDITIONAL ASX INFORMATION

### Listed options expiring 30/11/2018 @ \$0.075

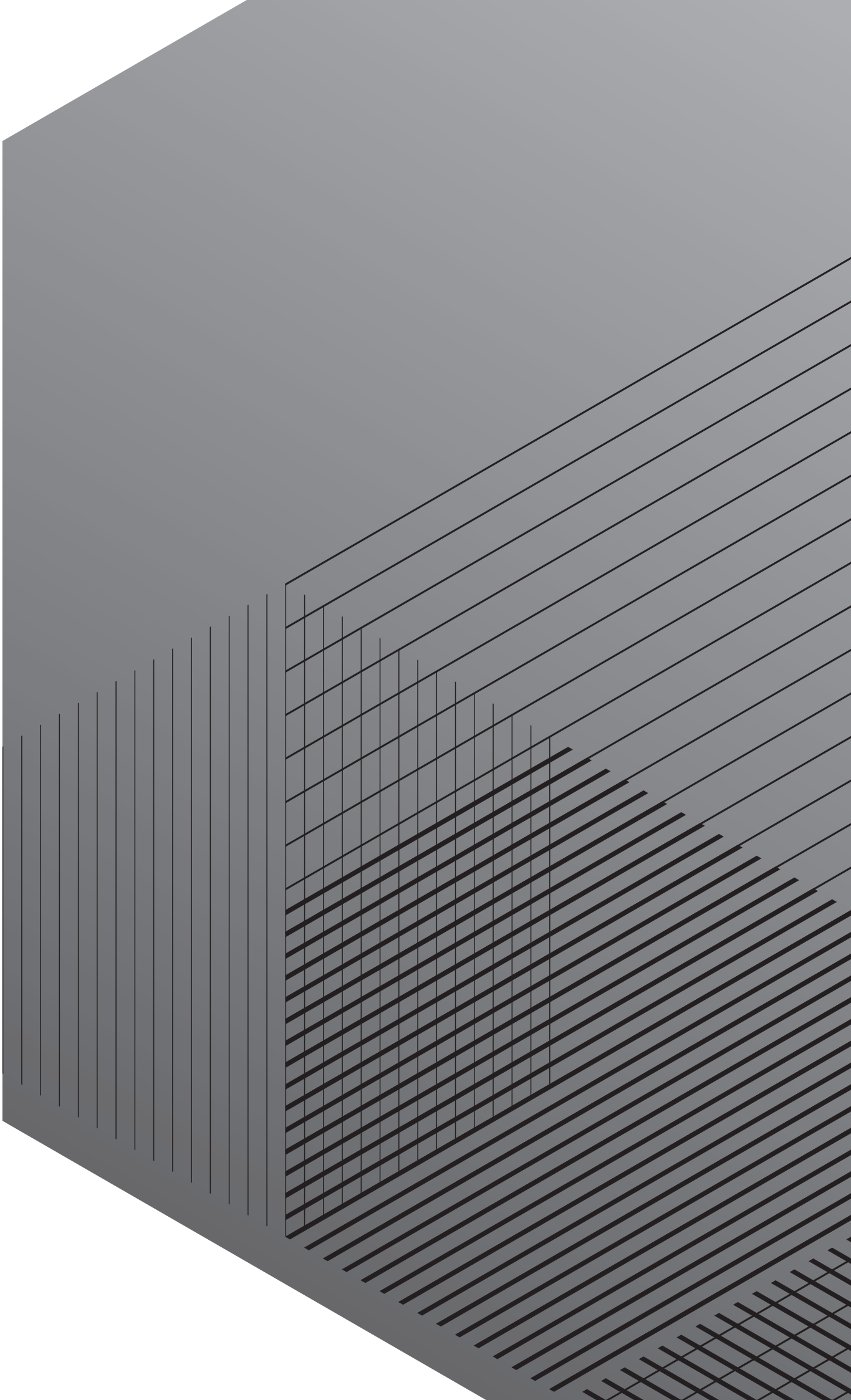
#### Range of quoted options

RANGE	TOTAL HOLDERS	UNITS	% UNITS
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	22	988,841	2.91
100,001 Over	49	32,967,815	97.06
<b>Total</b>	<b>72</b>	<b>33,966,656</b>	<b>100.00</b>

#### Top 20 Option Holders

RANK	NAME	UNITS	% UNITS
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
3	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
6	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
11	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	EXIT OUT PTY LTD <THE DISCRETIONARY A/C>	500,000	1.47
14	MITROPOULOS NOMINEES PTY LTD <SUPER FUND ACCOUNT>	500,000	1.47
16	ARJ FAMILY PTY LTD <ARJ FAMILY A/C>	474,489	1.40
17	FIRST INVESTMENT PARTNERS PTY LTD	400,000	1.18
18	GORMAN MANAGEMENT PTY LTD	350,000	1.03
18	MAUGRA NOMINEES PTY LTD <KINGSTON RETIREMENT FUND A/C>	350,000	1.03
20	A & K SFETCOPOULOS SUPERANNUATION PTY LTD <A & K SFETCOPOULOS S/F A/C>	333,333	0.98
<b>Top 20 holders of LISTED OPTIONS EXPIRING 30/11/2018 @ \$0.075</b>		<b>25,882,823</b>	<b>76.2</b>

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