BLACK ROCK
MINING LIMITED

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

# BLACK ROCK MINING LIMITED
ABN: 59 094 551 336

## CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS** | **Richard Crookes**<br>Non-Executive Chairman<br>**John de Vries**<br>Chief Executive Officer, Managing Director<br>**Ian Murray**<br>Non- Executive Director<br>**Gabriel Chiappini**<br>Non-Executive Director |
| **COMPANY SECRETARY** | **Gabriel Chiappini** |
| **PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE** | 45 Ventnor Street,<br>West Perth Western Australia, 6005<br>T: +61 (08) 9389 4415<br>F: +61 (08) 9389 4400<br>www.blackrockmining.com.au |
| **AUDITOR** | Deloitte Touche Tohmatsu<br>Tower 2, Brookfield Place<br>123 St Georges Terrace<br>Perth Western Australia, 6000<br>T: +61 (08) 9365 7000<br>F: +61 (08) 9365 7001 |
| **SHARE REGISTRY** | Computershare Investor Services Pty Ltd<br>Level 11, 172 St Georges Terrace<br>Perth Western Australia, 6000<br>T: +61 1300 787 272<br>F: +61 (08) 9323 2033<br>E: web.queries@computershare.com.au |
| **STOCK EXCHANGE LISTING** | The Company's shares are quoted on the Australian Securities Exchange (ASX).<br>The Home Exchange is Perth. |
| **ASX CODE** | BKT – ordinary shares |

A SNAPSHOT OF THE

# MAHENGE GRAPHITE MINE

**US$1.2B**
Post-tax, ungeared real $NPV_{10}$

**US$1,301/t**
Basket graphite price (net FOB)

**45%**
Post-tax, ungeared, real IRR

**US$116M**
Phase 1 development capex

**350ktpa**
Phase 4 output (4Mtpa ROM)

**83ktpa**
Phase 1 output (1Mtpa ROM)

**US$494/t**
LOM All-In-Sustaining-Cost

**95 - 99%+ TGC purity**
**59% +80 mesh, 41% -80**
Concentrate product

**26 years**
Initial operating life

SIMPLE OPEN PIT MINE DEVELOPMENT WITH OUTSTANDING FORECAST RETURNS

Following release of the Enhanced Definitive Feasibility Study (eDFS) on the Mahenge Graphite Project in July 2019 (see Black Rock ASX release dated 25 July 2019, *Mahenge Enhanced DFS with Executive Summary*), Black Rock confirms that it is not aware of any new data or information that materially affects the results of the eDFS. All financial forecasts, material assumptions and technical parameters, including in the estimation of Mineral Resources or Ore Reserves, underpinning the estimates in the eDFS continue to apply and have not materially changed. The estimated Ore Reserves and Mineral Resources underpinning the production and financial forecasts in the eDFS were prepared by Competent Persons in accordance with the requirements in Appendix 5A (JORC Code).

# CHIEF EXECUTIVE OFFICER'S REPORT

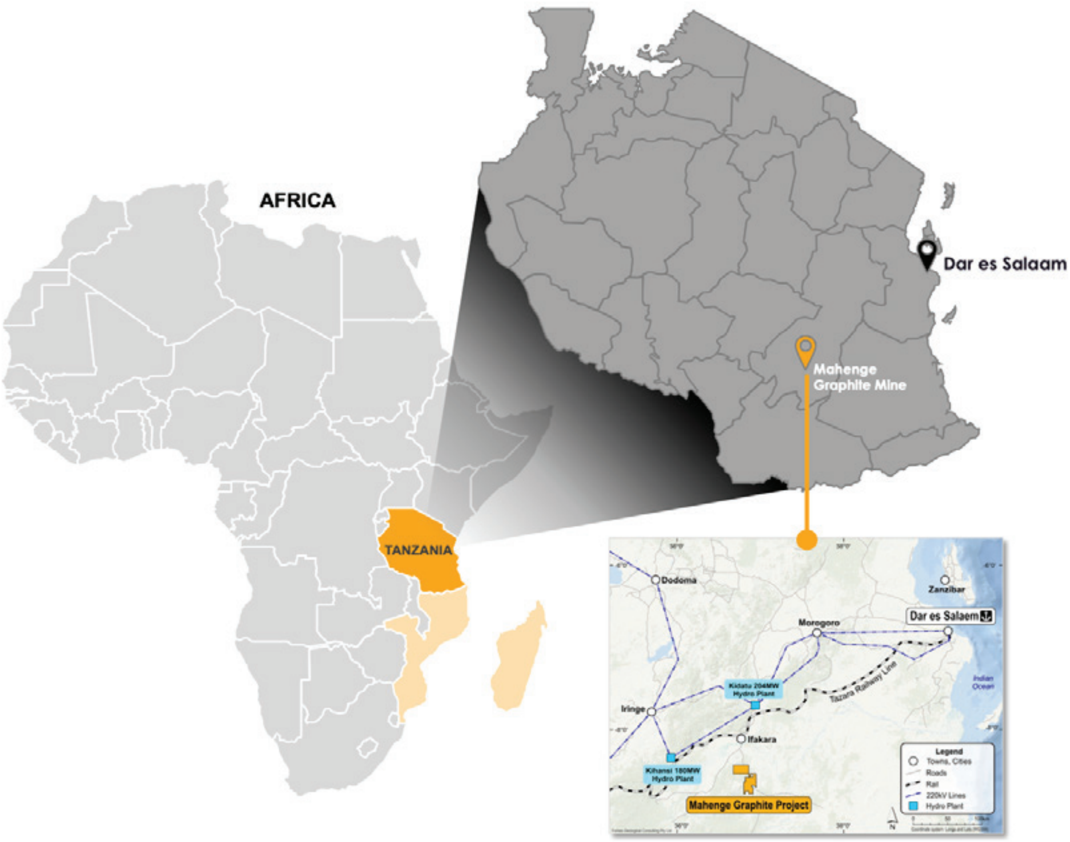
**Mahenge Graphite Project** The demand for Graphite is entering an unprecedented period as the world focuses on the production of minerals, to meet the growing demand for clean energy technologies. Decarbonisation of the planet, will put a spotlight on mining and ultimately those that will participate in the long term, will be climate-smart and be part of value chains that are sustainable and green.

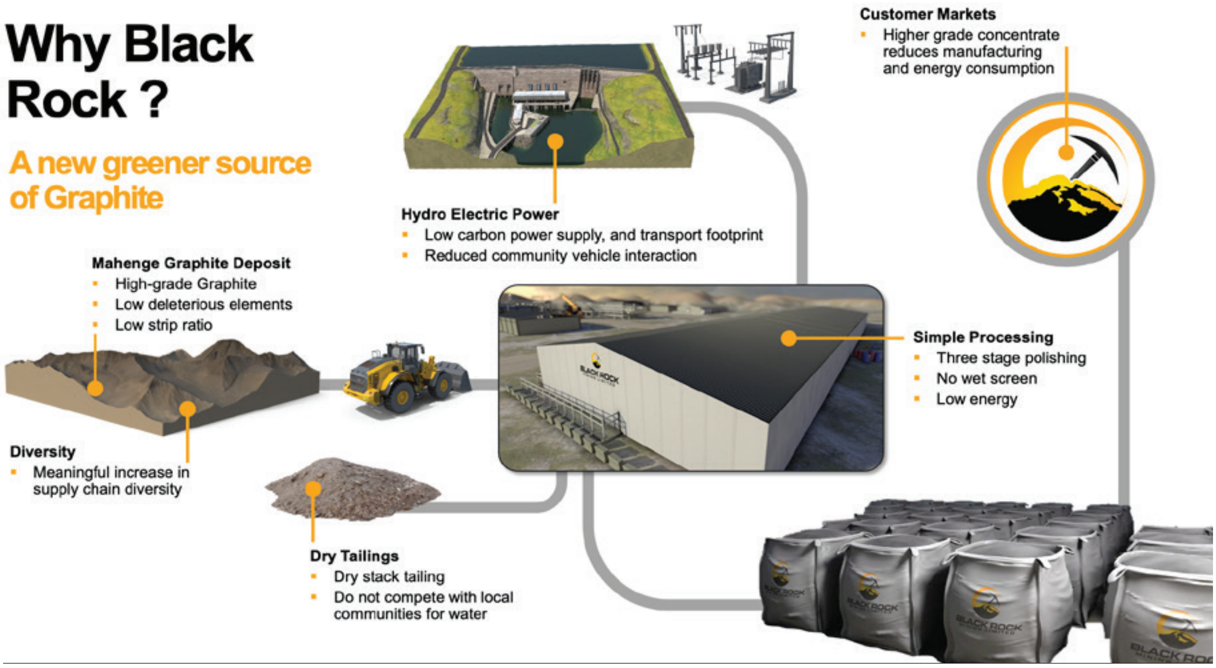
**Black Rock Mining's Mahenge Graphite Mine will be one of them.**

Mahenge's 212 million tonne Mineral Resource makes it the 4th largest graphite resource in the world[1]. Its green credentials are driven by geology and geography, which is hard to replicate. Favourable geology sees that the Graphite Resource has very low impurities which means it can produce very high purity (up to 99% TGC[1]), without the need for typical acid interference. In fact, the Mahenge Graphite concentrate is processed using a conventional water-based flotation method.

The mine is supported by good access to key infrastructure. The geography delivers Grid Power, Rail, Airstrip, Water and Tailings disposal (dry stack) logistics advantages with processing through Dar es Salaam high volume container port.

*1 Refer ASX Announcement 25th July 2019 - Mahenge DFS Enhanced with Summary*






**Partners and Customers**

The Company's strategy has been clear from our inception in terms of how and where we intend to participate in the global Graphite supply chain. We are solely upstream focused, and this means that we are miners. "We mine, they make" – I've used this term extensively to demonstrate this strategy.

Once mined, Graphite is processed over several steps before it makes its way into the hands of manufacturers who can take the processed material and "make" products. These products will have a significant contribution to a cleaner future. Graphite is used in many applications from electric vehicles to fire-proof building cladding. The well established downstream infrastructure and supply chains that make these products are highly capital intensive and bespoke. Our decision to play in the upstream space is underpinned by the geological and geographical advantages of Mahenge – in other words, the Mahenge Graphite Mine stands up on its own as a low cost, high margin operation. Black Rock Mining does not need a downstream operation to work.

With our focus on the "mine", the quality of downstream partners and customers is therefore critical to our business model. Over the year, we have developed our strategic alliance with Korea's POSCO Group ("POSCO"), one of the world's largest producers of battery anode material and a major participant in the global Lithium-ion Battery industry. The Company completed detailed due diligence work, regulatory approvals, supply chain testing, and extensive qualification activities including commercial-scale pilot plant sampling and product quality assurance. This culminated in POSCO completing the US$7.5m, 15% equity investment in Black Rock Mining, with POSCO now being both a cornerstone commercial customer and shareholder. Importantly, commercial and technical qualification with POSCO, represents absolute validation that Black Rock Mining has a real product to sell, into a real customer market, which is supported by a price deck that reconciles with our project economics. Positive discussions continue with respect to POSCO providing a prepayment financing facility of up to US$20m.

Graphite is used in many applications from electric vehicles to fire-proof building cladding. The well established downstream infrastructure and supply chains that make these products are highly capital intensive and bespoke.

# Global Graphite Production

## Tanzania set to become a meaninglful producer of graphite into the growing global market


With a market validated product, Black Rock Mining commenced the process to begin migrating existing customer offtake commitments to a binding status. Following the end of the period, the Company confirmed two of its existing five offtake commitments with Taihe Soar (Dalian) Supply Chain Management ("Taihe Soar") and Qingdao Yujinxi New Material Co Ltd ("New Materials"), were successfully converted to binding term sheets, for the supply of large flake concentrate (>+100 mesh) and remain subject to both parties satisfying certain conditions precedent.

Critically, the new offtake agreements include a prepayment component, and are price indexed to visible published indices, RefWin and ICCSino.

Mahenge's green footprint has been well documented, and with that, the Company extended its sustainability responsibility to include the whole of supply chain with our downstream partners. Black Rock Mining entered into a Memorandum of Understanding ("MOU") with Urbix, Inc ("Urbix"), a US based Clean Tech and Advanced Materials Company specialising in the innovative and sustainable processing technologies for Graphite. Currently, all of the world's Graphite processing into battery anode material occurs in China using traditional Hydrofluoric Acid ("HF") methods with associated high power consumption. Urbix methods instead use a patented technique to process Graphite into battery anode material without HF, and ultimately the output delivers a significantly higher product yield (70%-80% versus current industry standard of 35%), which represents a significant advantage to Black Rock Mining and its downstream customers.

Black Rock Mining holds the view that there is little value in sending our Graphite concentrate down the supply chain to make batteries that go into electric vehicles, if the process to do that is not as green as the intended benefit that electrification of transport represents. This is why the partnership with Urbix is so important in delivering significant environmental and economic benefits to our stakeholders and that of all stakeholders across the whole battery anode supply chain. This marks our desire to further differentiate our supply chain from competing brands.

500 TONNE MAHENGE BULK SAMPLES ARRIVE FOR POSCO SUPPLY CHAIN QUALIFICATION TEST WORKS

**LEFT** RAP - PUBLIC MEETING TO SENSITISE LOCAL COMMUNITIES ON RESETTLEMENT PROCESS

**BELOW** RAP - FIELD OFFICERS ASSISTING WITH NATIONAL ID REGISTRATION

**Tanzanian Activities**

Black Rock Mining continues to progress positive discussions with the Government of Tanzania on the mechanics of implementing a Framework Agreement on Free Carried Interest ("FCI") provisions of the 2017 Mining Act. We see this as a critical step as part of our commitment to the people of Tanzania to demonstrate confidence that the benefits from Mahenge will flow through to the economy and local communities, but also for increased confidence for all stakeholders that have and continue to support the Company. Good progress is being made where I remain confident that a timely and appropriate resolution will be delivered which will allow the Company to derisk the project and progress towards making a final investment decision and ultimately commence development of the Mahenge Graphite Project.

Black Rock Mining noted during the year that the clarity provided by published regulations announced by the Government of Tanzania concerning graphite concentrate exports (Notice 687 of 2020 "The Mining (Value Addition) Regulations, 2020), confirms Black Rock Mining's Definitive Feasibility Study view that Mahenge graphite concentrate is suitable for export. Black Rock Mining has demonstrated in two independent pilot plant operations that Mahenge can produce graphite concentrate at grades of up to 98% Carbon by LOI, easily meeting the minimum graphite concentration of 65% total graphitic carbon set by the regulations[2].

Following the completion of field activities, Black Rock Mining received approval from the Chief Government Valuer's office for its Resettlement Action Plan ("RAP")[3]. An important endorsement of our social licence and recognition of the positive community consultation and approach undertaken by our local partners and Mahenge Resources Limited, the Company's Tanzanian subsidiary.

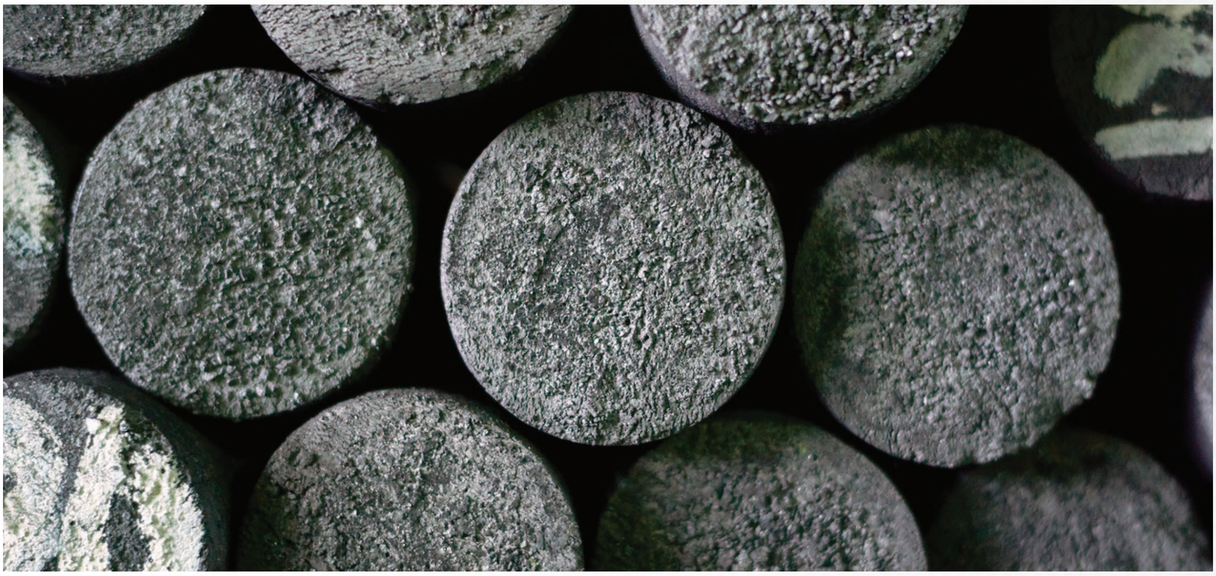
In anticipation of commencement of onsite activities, the Company has commenced a front end loading process for resettlement of affected persons impacted by the project development. At this stage, the process is one of change management with compensation and physical resettlement commencing only after a FCI Framework Agreement with the Government of Tanzania and a final investment decision has been reached.

2 *Refer ASX Announcement 15th September 2020 - Black Rock meets Tanzanian Graphite Export Regulation*

3 *Refer ASX Announcement 28th October 2020 – September 2020 Quarterly Activities Report*

**ABOVE** RAP - PUBLIC PROCESS ENCOURAGES COMMUNITY PARTICIPATION IN DEVELOPING HOW RESETTLEMENT WILL OCCUR

**LEFT** RAP – FIELD OFFICERS SUPPORT COMMUNITY TO MAP LAND USE AS PART OF COMPENSATION DETERMINATION



## Corporate

During the year, Black Rock Mining managed its balance sheet and capital structure sensibly raising A$3.65M via a placement and entitlement offer, ahead of securing the US$7.5M (A$9.7M) equity investment by POSCO. The Company is well funded heading into FY22, with A$11.3M cash at bank as at 30 June 2021.

Black Rock Mining also maintained its prudent view on operating expenditure during the year, with the continued deferral of remuneration for all Directors, staff and Full Time Equivalent contractors by 75%, following a progressive adoption of 50% in November 2019, and a further 25% in April 2020[4]. Following funding by POSCO the austerity measures were tapered off.

At the back end of the year, the Company began to transition its focus towards construction of the Mahenge Graphite Mine, and in doing so appointed highly experienced project manager, Mr Daniel Pantany, as General Manager, Engineering & Technical. Already, this is proving important as we prepare to make a final investment decision and consequently scale up our project development execution, and planning for commissioning and ramp up.

Finally, I would also like to take this opportunity to thank you, our loyal and growing number of shareholders, for your continued support. I believe that we are at the junction of a very rewarding journey, not just for stakeholder value, but importantly as substantial participants as part of the global transition to a low carbon future.

**John de Vries**

CHIEF EXECUTIVE OFFICER

I believe that we are at the junction of a very rewarding journey, not just for stakeholder value, but importantly as substantial participants as part of the global transition to a low carbon future.

4 *Refer ASX Announcement 30th April 2020 – March 2020 Quarterly Activities Report*

* *Global Production Supply 2019 (U.S. Geological Survey, Mineral Commodity Summaries, January 2020). Black Rock's Mahenge Graphite mine share is based on planned annual 85,000 tonne versus estimated global production output in 2024 of 2.325 Mt (Estimate from Benchmark Mineral Intelligence Q4 2018).*

**The Directors of Black Rock Mining Limited ("Company" or "Black Rock Mining") submit herewith the annual report of the Company and its subsidiary entities ("Consolidated Entity") for the financial year ended 30 June 2021. 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 during the financial year are:

**NAME** — **PARTICULARS**

**Richard Crookes**
*Non-Executive Chairman*

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). Mr Crookes was most recently an Investment Director at EMR Capital and prior to that 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, and completing investment entry and exits for both private and public resource companies in Australia and overseas, as well as execution of Project Finance transactions in Africa.

Mr Crookes is a member of both the Audit and Remuneration Committees.

Mr Crookes held directorships with the following listed Companies in the three years immediately prior to the date of this report.

| NAME | DATE APPOINTED | DATE RESIGNED |
|---|---|---|
| Highfield Resources Ltd | April 2013 | Current |
| Lithium Power International Ltd | November 2018 | Current |
| Barton Gold Holdings Ltd | February 2021 | Current |

**Ian Murray**
*Non-Executive Director*

Mr Murray is a Non-Executive Director of Black Rock Mining. Mr Murray graduated with a Bachelor of Commerce (BCom) in 1987 from the University of Cape Town, a fellow of the Institute of Chartered Accountants of Australia and New Zealand, and is a member of the Australian Institute of Company Directors. He has held senior management positions for Companies such as KPMG, Price Waterhouse, Bioclones, DRDGold, and Gold Road Resources. More recently, as Chief Executive Officer and Managing Director, he successfully delivered Gold Road Resources' (ASX:GOR) Gruyere Project, and has significant African experience through DRDGold.

Mr Murray is a member of the Audit Committee and Chair of the Remuneration Committee.

Mr Murray held directorships with the following listed Companies in the three years immediately prior to the date of this report.

| NAME | DATE APPOINTED | DATE RESIGNED |
|---|---|---|
| Gold Road Resources Ltd | October 2007 | January 2019 |
| Gascoyne Resources Ltd | October 2018 | October 2018 |
| Matador Mining Ltd | May 2020 | Current |
| Geopacific Resources Ltd | September 2019 | Current |
| Todd River Resources Ltd | September 2020 | Current |

**John de Vries**
*Managing Director*
*CEO*

Mr de Vries has over 30 years' experience in the mining industry. He started his career in 1984 working for WMC Resources and held operational roles such as Underground Manager, Senior Mining Engineer and Manager Mining. In 1998, he moved to AMC Consultants to become a Principal Mining Engineer responsible for Mine Optimisation. In 2003, he joined Orica Mining Services as Global Business Manager, Advanced Mining Solutions, before moving to BHP Billiton in 2007 as the Manager Strategic Mine Planning.

Most recently from 2011 to 2015, he was General Manager Technical Services for St Barbara. After his success with St Barbara, Mr de Vries took an 18-month sabbatical before joining Black Rock Mining.

Mr de Vries holds a Bachelor of Engineering, Mining, a 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.

Mr de Vries does not currently hold any other directorships, nor has he in the past three years.

## INFORMATION ABOUT THE DIRECTORS - CONTINUED

| NAME | PARTICULARS |
|---|---|
| **Gabriel Chiappini**<br>*Non-Executive Director and Company Secretary* | Mr Chiappini is an experienced ASX director and has been active in the capital markets for 18 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 & New Zealand.<br>Mr Chiappini is Chair of the Audit Committee and a member of the Remuneration Committee.<br>Mr Chiappini held directorships with the following listed Companies in the 3 year immediately prior to the date of this report. |

| NAME | DATE APPOINTED | DATE RESIGNED |
|---|---|---|
| Invictus Energy Limited | August 2015 | Current |
| Eneabba Gas Limited | September 2016 | April 2021 |
| FBR Limited: | | |
| - Non-Executive Director | December 2011 | August 2018 |
| - Non-Executive Chairman | March 2012 | November 2015 |
| Gefen International A.I. Ltd | July 2021 | Current |

The above-named Directors held office during the whole of the financial year and since the end of the financial year

## INFORMATION ABOUT COMPANY SECRETARY

**Gabriel Chiappini** Refer above for an overview of Mr Chiappini's experience and expertise.

## PRINCIPAL ACTIVITIES

Black Rock Mining is an Australian-based Company listed on the Australian Securities Exchange. The Company owns the Mahenge Graphite Project in the Mahenge region of Tanzania.

The Company reported 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 October 2017, Black Rock Mining announced results of a Definitive Feasibility Study ("DFS"). The study confirms Mahenge's potential as a long-life, low capex, high margin operation. In July 2019 the Company issued an enhanced DFS ("eDFS") with the addition of a fourth production module.

The Company has proceeded with permitting and was granted Environmental Impact Assessment Certificate, Reg No. EC/EIA/2018/0352 in August 2018. Mining licenses ML 611/2019 and ML612/2019 were granted in February 2019.

The eDFS estimated a post-tax, unlevered, Internal Rate of Return ("IRR") for the Project of 44.8%; and a Net Present Value ("NPV") using a discount rate of 10% ("NPV10") of US$1.2bn. Black Rock Mining confirms, the key assumptions used in the eDFS have not materially changed and that the material assumptions continue to apply for the optimised study released in July 2019.

Black Rock Mining confirms that it's eDFS has allowed for the proposed Tanzanian legislative changes relating to 16% free carry position of the Tanzanian Government and the royalty rate increasing to 4.3%. Black Rock Mining has commenced a structured financing process to identify and deploy funds for development the Mahenge Graphite Project. In June 2021, POSCO completed its US$7.5M (A$9.7M) strategic investment in the Company through the issue of 126,020,001 shares for a 15% strategic investment in Black Rock Mining. Subject to POSCO maintaining a minimum 10% equity interest in Black Rock Mining, POSCO has the right to nominate a Director to the board of Black Rock Mining.

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.

## REVIEW AND RESULTS OF OPERATIONS AND ACTIVITIES

**Results of Operations**

The consolidated loss after tax for the year ended 30 June 2021 was $2,850,250 (2020: $3,387,285).

Principal activities during the year included:

- Ongoing discussion with the Government of Tanzania regarding Free Carried Interest agreement
- Chief Government Valuer's office approved Black Rock Mining's Resettlement Action Plan
- Tanzanian Investment Bank commenced due diligence on possible funding of the Mahenge Graphite Project
- Black Rock Mining meeting the Tanzanian Export regulations
- Completed an entitlement offer in August 2020 grossing A$1.65M and a placement in October 2020 grossing A$2M
- POSCO Strategic Alliance & Development Relationship advanced
- POSCO successfully completed due diligence activities
- Mahenge Graphite was able to meet POSCO's battery grade anode specification
- POSCO invested US$7.5m (A$9.7M) acquiring a 15% stake in Black Rock Mining
- Negotiations commenced with POSCO for an Offtake & Prepayment Agreement
- Mr Daniel Pantany was appointed as General Manager, Engineering & Technical

**Impact of COVID-19**

The COVID-19 outbreak and the subsequent quarantine measures imposed by the Australian and other governments, and related travel and trade restrictions have caused disruption to businesses and resulted in significant global economic impacts. As at 30 June 2021, these impacts have not had a significant effect on the Group's financial results or operations. However, as the impact of COVID-19 continues to evolve, including changes in government policy and business reactions thereto, if our staff are unable to work or travel due to illness or government restrictions, we may be forced to reduce or suspend our exploration and potential development activities. In addition, as the COVID-19 pandemic and mitigation measures have also negatively impacted global economic conditions, this, in turn, could adversely affect our business in the future. Due to the continually evolving nature of COVID-19 the Directors cannot reasonably estimate the effects that the COVID-19 pandemic could have on future periods and believes that any disturbance may be temporary. However, there is uncertainty about the length and potential impact of any resultant disturbance. As a result, we are unable to estimate the potential impact on the Group's future operations as at the date of these Financial Statements.

**Corporate and Financial Position**

Consolidated net assets at year-end were $33,163,048 against $22,718,912 at the close of the prior year.
Total cash held at year-end was $11,298,422 (2020: $722,097).

## 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

Other than the above, there have not been any significant changes in the State of Affairs of the Company. Black Rock Mining remains focused on developing its Mahenge Graphite Project in Tanzania ("Project"). The Company is progressing towards the development phase, finalising negotiations with the Government of Tanzania on the Free Carried Interest and securing financing for the Project.

## 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 1 July 2021 Black Rock Mining announced that it had signed a Memorandum of Understanding with United States based Clean Tech Graphite Processing Company Urbix, Inc for an innovative supply chain partnership collaboration on battery anode processing.
- On 13 August 2021 Black Rock Mining announced that new Binding Term Sheets for Offtake had been agreed with the Company's existing Offtake customers, Taihe Soar (Dalian) Supply Chain Management and Qingdao Yujinxi New Material Co Ltd. The binding agreements are for the supply of large flake graphite concentrate and remain subject to both parties satisfying certain conditions precedent.

## FUTURE DEVELOPMENTS

Black Rock Mining remains focused on developing its Mahenge Graphite Project in Tanzania. Subject to the Board of Black Rock Mining making a final investment decision, the Company will move 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 11,000,000 share options were granted to the Directors of the Company. For further details, refer to the table included in the remuneration report below.

### Share options on issue

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

| ISSUING ENTITY | NUMBER OF SHARES UNDER OPTION | CLASS OF SHARES | EXERCISE PRICE OF OPTION | EXPIRY DATE OF OPTIONS |
|---|---|---|---|---|
| Black Rock Mining Ltd | 13,000,000 | Ordinary | $0.100 | 7-Nov-21 |
| Black Rock Mining Ltd | 5,000,000 | Ordinary | $0.200 | 14-Mar-21 |
| Black Rock Mining Ltd | 3,000,000 | Ordinary | $0.100 | 18-Dec-21 |
| Black Rock Mining Ltd | 1,000,000 | Ordinary | $0.100 | 31-Oct-21 |
| Black Rock Mining Ltd | 3,000,000 | Ordinary | $0.150 | 18-Nov-22 |
| Black Rock Mining Ltd | 9,200,000 | Ordinary | $0.150 | 28-Oct-22 |
| Black Rock Mining Ltd | 34,054,520 | Ordinary | $0.084 | 10-Aug-23 |
| Black Rock Mining Ltd | 5,000,000 | Ordinary | $0.079 | 4-Nov-23 |
| Black Rock Mining Ltd | 11,000,000 | Ordinary | $0.116 | 21-Dec-23 |
| Black Rock Mining Ltd | 1,000,000 | Ordinary | $0.116 | 24-Jan-24 |
| Black Rock Mining Ltd | 1,500,000 | Ordinary | $0.224 | 1-Jul-24 |
| Black Rock Mining Ltd | 1,500,000 | Ordinary | $0.200 | 1-Jun-24 |
| | 88,254,520 | | | |

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

## PERFORMANCE RIGHTS

**Performance rights granted to Directors**

During and since the end of the financial year, no new performance rights were granted to Directors of the Company.

**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 | EXPIRY DATE | EXERCISE PRICE |
|---|---|---|---|---|
| **Richard Crookes** | - Ordinary shares | 3,766,150 | | |
| | - Unlisted Options | 213,079 | 10-Aug-23 | $0.084 |
| | - Unlisted Options | 2,000,000 | 21-Dec-23 | $0.116 |
| | - Unlisted Options | 2,400,000 | 28-Oct-22 | $0.150 |
| | - Unlisted Options | 2,500,000 | 7-Nov-21 | $0.100 |
| **John de Vries** | - Ordinary shares | 5,460,078 | | |
| | - Unlisted Options | 252,121 | 10-Aug-23 | $0.084 |
| | - Unlisted Options | 5,000,000 | 21-Dec-23 | $0.116 |
| | - Unlisted Options | 3,600,000 | 28-Oct-22 | $0.150 |
| | - Unlisted Options | 5,000,000 | 7-Nov-21 | $0.100 |
| **Ian Murray** | - Ordinary shares | 6,716,062 | | |
| | - Unlisted Options | 362,151 | 10-Aug-23 | $0.084 |
| | - Unlisted Options | 2,000,000 | 21-Dec-23 | $0.116 |
| | - Unlisted Options | 3,000,000 | 18-Nov-22 | $0.150 |
| | - Unlisted Options | 1,600,000 | 29-Oct-22 | $0.150 |
| **Gabriel Chiappini** | - Ordinary shares | 8,504,807 | | |
| | - Unlisted Options | 424,555 | 10-Aug-23 | $0.084 |
| | - Unlisted Options | 2,000,000 | 21-Dec-23 | $0.116 |
| | - Unlisted Options | 2,500,000 | 7-Nov-21 | $0.100 |
| | - Unlisted Options | 1,600,000 | 28-Oct-22 | $0.150 |

## INDEMNIFICATION OF OFFICERS

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

1. Agreements to indemnify Mr Richard Crookes (Non-Executive Chairman), Mr John de Vries (Managing Director), Mr Gabriel Chiappini (Non-Executive Director) and Mr Ian Murray (Non-Executive Director), in respect of any liabilities incurred by them while acting in the normal course of business as a Director of the Group 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 7 Board meetings were held:

| DIRECTOR | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED |
|---|---|---|
| **Richard Crookes** | 7 | 7 |
| **Ian Murray** | 7 | 7 |
| **John de Vries** | 7 | 7 |
| **Gabriel Chiappini** | 7 | 7 |

## NON-AUDIT SERVICES

During the year no non-audit services were provided by the Auditor (or by another person or firm on the Auditors behalf).

## AUDITOR'S INDEPENDENCE DECLARATION

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

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

## REMUNERATION REPORT (audited)

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Black Rock Mining's key management personnel for the financial year ended 30 June 2021. 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 key management personnel of the Consolidated Entity during or since the end of the financial year were:

| | | |
|---|---|---|
| **Richard Crookes** | Non-Executive Chairman | Appointed 16 October 2017 |
| **Ian Murray** | Non-Executive Director | Appointed 2 May 2019 |
| **John de Vries** | Chief Executive Officer & Managing Director | Appointed 16 March 2017 |
| **Gabriel Chiappini** | Non-Executive Director | Appointed 21 March 2012 |
| | & Company Secretary | Appointed 12 July 2013 |

### 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.

## REMUNERATION REPORT (audited) - CONTINUED

### Elements of Director and executive remuneration

Remuneration packages contain the following key elements:

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

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

| 2021 | SHORT TERM EMPLOYEE BENEFITS - SALARY AND FEES | OTHER | POST EMPLOYMENT BENEFITS - SUPERANNUATION | SHARE BASED PAYMENT (SHARES) (ii) | SHARE BASED PAYMENT (OPTIONS) | TOTAL | % LINKED TO PERFORMANCE |
|---|---|---|---|---|---|---|---|
| | $ | | $ | | $ | $ | |
| Richard Crookes | 52,083 | - | 9,500 | 47,917 | 74,665 | 184,165 | - |
| Ian Murray | 34,375 | - | 6,270 | 31,625 | 85,309 | 157,579 | - |
| John de Vries | 238,637 | 21,900 (i) | 28,500 | 61,363 | 170,660 | 521,060 | - |
| Gabriel Chiappini | 31,226 | 22,000 (iii) | - | 41,044 | 69,920 | 164,190 | - |
| | 356,321 | 43,900 | 44,270 | 181,949 | 400,554 | 1,026,994 | - |

*(i) Annual leave benefits.*

*(ii) From the period 1 July 2020 to 30 April 2021, in response to the COVID-19 pandemic, the Directors of Black Rock Mining agreed to defer a portion of their fees and be issued with shares in lieu of fees.*

*(iii) Out of scope consultancy services provided during the financial year.*

| 2020 | SHORT TERM EMPLOYEE BENEFITS - SALARY AND FEES | OTHER (i) | POST EMPLOYMENT BENEFITS - SUPERANNUATION | SHARE BASED PAYMENT (SHARES) | SHARE BASED PAYMENT (OPTIONS) | TOTAL | % LINKED TO PERFORMANCE |
|---|---|---|---|---|---|---|---|
| | $ | | $ | | $ | $ | |
| Richard Crookes | 100,000 | - | 9,500 | - | 56,303 | 165,803 | - |
| Ian Murray | 66,000 | - | 6,270 | - | 68,828 | 141,098 | - |
| John de Vries | 303,500 | 27,375 | 25,000 | - | 84,130 | 440,005 | - |
| Gabriel Chiappini | 72,270 | - | - | - | 56,084 | 128,354 | - |
| | 541,770 | 27,375 | 40,770 | - | 265,345 | 875,260 | - |

*(i) Annual leave benefits earned during the year*

From the period 1 April 2020 to 30 June 2020, in response to the COVID-19 pandemic, the Directors of Black Rock Mining agreed to defer a portion of their fees. Refer to the section titled "Amounts owing to Directors" below for a summary of the amounts owing to each Director at the end of financial year.

### Amounts owing to Directors

During the June 2020 financial year, in response to the COVID pandemic, the Directors of Black Rock Mining agreed to defer a portion of their fees. Below is a summary of the amounts owing at the end of the financial year.

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Richard Crookes | - | 36,500 |
| Ian Murray | - | 24,090 |
| John de Vries | - | 105,192 |
| Gabriel Chiappini | - | 30,815 |
| | - | 196,597 |

### Key Terms of Employment Contracts

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

The contract binding the Managing 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 them by notice in writing or by shareholders acting by majority vote.

***Managing Director and Chief Executive Officer Employment Contract***

Effective 10 September 2019, Mr John de Vries was promoted to the position of the Managing Director and Chief Executive Officer and was employed under an Executive Services Agreement with the material terms and conditions being:

| | |
|---|---|
| *Status* | Full time |
| *Term* | Rolling contract |
| *Notice period* | 6 months' notice by either party, notice period extends to 12 months under certain circumstances |
| *Salary* | $300,000 per annum plus superannuation (same as current salary) |
| *Superannuation* | Statutory Rate |
| *Leave* | 20 days annual leave |
| *Short Term Incentive (STI)* | Ability to earn up to 50% of base salary as an STI per annum. For the FY19 period the board has agreed to award John de Vries a $75,000 STI for his performance during FY19 to be paid 50% cash and 50% in Black Rock Mining ordinary shares (shares subject to shareholder approval). |
| *Long Term Incentives (LTI)* | Ability to earn up to 50% of base salary as an LTI. For the FY20 year, 3,600,000 unlisted options issued at nil consideration that will vest in three equal tranches over 12, 18 & 24 months and be exercisable at $0.15 each and expire three years from date of grant. These options are subject to shareholder approval. LTI to be reviewed annually. |
| *Other Benefits* | Indemnity & Access Deed D&O Insurance |

## REMUNERATION REPORT (audited) - CONTINUED

### Share based payment arrangements

*Options*

As approved at the 2020 Annual General Meeting, the following options were granted during the year, affecting key management personnel remuneration:

| | NUMBER OF SHARE OPTIONS (i) |
|---|---|
| Richard Crookes | 2,000,000 |
| Ian Murray | 2,000,000 |
| John de Vries | 5,000,000 |
| Gabriel Chiappini | 2,000,000 |
| | 11,000,000 |

*(i) Expiry: 21 December 2023, Exercise price: $0.116, Vesting conditions: vesting 50% 30 June 2021, 50% 30 June 2022 subject to remaining as a Director, executive or consultant of the Company. Fair value per share option was $0.0388 computed using a Black Scholes model.*

The options above (11,000,000) 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.

Details of unissued shares or interests under option held by key management personnel at the date of this report, excluding those subject to shareholder approval, are:

| ISSUING ENTITY | NUMBER OF SHARES UNDER OPTION | CLASS OF SHARES | EXERCISE PRICE OF OPTION | EXPIRY DATE OF OPTIONS |
|---|---|---|---|---|
| Black Rock Mining Ltd | 1,251,906 | Ordinary | $0.084 | 10-Aug-23 |
| Black Rock Mining Ltd | 11,000,000 | Ordinary | $0.116 | 21-Dec-23 |
| | 7,600,000 | Ordinary | $0.150 | 28-Oct-22 |
| Black Rock Mining Ltd | 10,000,000 | Ordinary | $0.10 | 7-Nov-21 |
| Black Rock Mining Ltd | 3,000,000 | Ordinary | $0.15 | 18-Nov-22 |
| Black Rock Mining Ltd | 1,600,000 | Ordinary | $0.15 | 29-Oct-22 |
| | **34,451,906** | | | |

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.

*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. These payments have been disclosed in the remuneration table above:

| DIRECTOR | VALUE $ | DESCRIPTION |
|---|---|---|
| **Gabriel Chiappini** | 72,270 | Amounts to Laurus Corporate Services, a Company Mr Chiappini is a shareholder and Director of, for the provision of Company Secretarial and Non-executive Director services. |
| **Gabriel Chiappini** | 22,000 | Amounts to Laurus Corporate Services, a Company Mr Chiappini is a shareholder and Director of, for the provision of out of scope consultancy services provided during the financial year. |

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## REMUNERATION REPORT (audited) - CONTINUED

### 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 2021:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Income ($'s) | **52,162** | 2,870 | 7,939 | 24,183 | 187,548 |
| Net loss before tax ($'s) | **(2,850,250)** | (3,387,285) | (2,864,024) | (2,053,080) | (2,590,371) |
| Net loss after tax ($'s) | **(2,850,250)** | (3,387,285) | (2,864,024) | (2,053,080) | (2,590,371) |
| Share Price at start of year | **$0.048** | $0.084 | $0.037 | $0.066 | $0.066 |
| Share Price at year end | **$0.140** | $0.048 | $0.084 | $0.037 | $0.066 |
| Loss per share | **$0.0040** | $0.0054 | $0.0054 | $0.0055 | $0.1176 |

### 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:

| 2021 | 1 JULY 2020 | ENTITLEMENT OFFER | OTHER CHANGES (i) | 30 JUNE 2021 |
|---|---|---|---|---|
| Richard Crookes | 2,705,357 | 213,079 | 847,714 | **3,766,150** |
| Ian Murray | 5,794,420 | 362,151 | 559,491 | **6,716,062** |
| John de Vries | 4,033,928 | 252,121 | 1,174,029 | **5,460,078** |
| Gabriel Chiappini | 6,892,857 | 424,555 | 1,187,395 | **8,504,807** |

*(i) During the year shares were issued in lieu of cash fees as the Company sought to preserve cash.*

### 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:

| 2021 | 1 JULY 2020 | OPTIONS GRANTED FREE ATTACHING | OPTIONS GRANTED AS REMUNERATION | OPTIONS LAPSED | 30 JUNE 2021 | VESTED AND EXERCISABLE AT 30 JUNE 2021 | UNVESTED |
|---|---|---|---|---|---|---|---|
| Richard Crookes | 9,900,000 | 213,079 | 2,000,000 | (5,000,000) | **7,113,079** | **6,113,079** | 1,000,000 |
| Ian Murray | 4,600,000 | 362,151 | 2,000,000 | - | **6,962,151** | **4,895,484** | 2,066,667 |
| John de Vries | 13,600,000 | 252,121 | 5,000,000 | (5,000,000) | **13,852,121** | **7,752,121** | 6,100,000 |
| Gabriel Chiappini | 9,100,000 | 424,555 | 2,000,000 | (5,000,000) | **6,524,555** | **5,524,555** | 1,000,000 |

**END OF REMUNERATION REPORT**

# 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**

Dar es Salaam, 28 September 2021

**Deloitte.**

Deloitte Touche Tohmatsu
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The Board of Directors
Black Rock Mining Limited
45 Ventnor Avenue
West Perth WA 6005

28 September 2021

Dear Board Members

**Auditor's Independence Declaration to Black Rock Mining Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Black Rock Mining Limited.

As lead audit partner for the audit of the financial report of Black Rock Mining Limited for the year ended 30 June 2021, 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Newman

David Newman
Partner
Chartered Accountants

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | NOTE | FOR THE YEAR ENDED 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|---|
| Interest income | | **1,056** | 2,870 |
| Other income | | **51,106** | - |
| | | | |
| Administrative expenses | | **(124,406)** | (286,725) |
| Employee benefit expense | | **(771,130)** | (1,111,253) |
| Share based payment expense | | **(952,436)** | (374,246) |
| Consulting expense | | **(997,075)** | (1,165,297) |
| Depreciation and amortisation expense | | **(14,172)** | (18,630) |
| Net foreign currency exchange differences | | **232,205** | (4,641) |
| Other expenses from ordinary activities | | **(275,398)** | (315,131) |
| Loss on disposal of investment | | **-** | (114,232) |
| | | | |
| **Loss before tax** | | **(2,850,250)** | (3,387,285) |
| Income tax benefit | 6 | **-** | - |
| | | | |
| **LOSS FOR THE YEAR** | | **(2,850,250)** | (3,387,285) |
| | | | |
| **Other comprehensive income, net of income tax** | | | |
| | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Foreign currency translation differences for foreign operations | | **(1,332,410)** | 480,079 |
| Items not reclassified through profit or loss | | **-** | - |
| | | | |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING** | | **(4,182,660)** | (2,907,206) |
| | | | |
| Loss for the year attributable to owners of the Company | | **(2,850,250)** | (3,387,285) |
| | | | |
| Total comprehensive loss attributable to the owners of the Company | | **(4,182,660)** | (2,907,206) |
| | | | |
| **Loss per share** | | | |
| Basic and diluted loss per share | 19 | **(0.0040)** | (0.00545) |

*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

| | NOTES | AS AT 30/06/2021 $ | AS AT 30/06/2020 $ |
|---|---|---|---|
| **Assets** | | | |
| ***Current assets*** | | | |
| Cash and bank balances | 7 | **11,298,422** | 722,097 |
| Other receivables | | **145,003** | 93,368 |
| Total current assets | | **11,443,425** | 815,465 |
| ***Non-current assets*** | | | |
| Exploration & evaluation asset | 9 | **22,164,704** | 22,770,344 |
| Property, plant & equipment | | **23,512** | 31,941 |
| Total non-current assets | | **22,188,216** | 22,802,285 |
| **Total assets** | | **33,631,641** | 23,617,750 |
| **Liabilities** | | | |
| ***Current liabilities*** | | | |
| Trade and other payables | 10 | **386,879** | 839,026 |
| Provisions | | **81,714** | 59,812 |
| Total current liabilities | | **468,593** | 898,838 |
| **Total liabilities** | | **468,593** | 898,838 |
| **Net assets** | | **33,163,048** | 22,718,912 |
| **Equity** | | | |
| Issued capital | 11 | **74,940,347** | 60,989,789 |
| Foreign currency translation reserve | 12 | **(75,845)** | 1,256,565 |
| Share based payment reserve | 12 | **1,077,067** | 1,132,872 |
| Accumulated losses | 13 | **(42,778,521)** | (40,660,314) |
| **Total equity** | | **33,163,048** | 22,718,912 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | NOTE | ISSUED CAPITAL $ | ACCUMULATED LOSSES $ | SHARE BASED PAYMENT RESERVE $ | FOREIGN CURRENCY RESERVE $ | TOTAL EQUITY $ |
|---|---|---|---|---|---|---|
| **Balance at 30 June 2019** | 11, 12, 13 | 58,086,890 | (37,273,029) | 796,126 | 796,853 | **22,406,840** |
| Loss for the year | | - | (3,387,285) | - | - | **(3,387,285)** |
| Other comprehensive income for the year, net of tax | | - | - | - | 480,079 | **480,079** |
| De-recognition of subsidiary | | - | - | - | (20,367) | **(20,367)** |
| **Total comprehensive income for the year** | | - | (3,387,285) | - | 459,712 | **(2,927,573)** |
| Issue of ordinary shares | | 2,590,000 | - | - | - | **2,590,000** |
| Bonus shares issued to John de Vries | | 37,500 | - | - | - | **37,500** |
| Placement shares issued to Directors | | 410,000 | - | - | - | **410,000** |
| Cost of share capital issued | | (134,601) | - | - | - | **(134,601)** |
| Costs of share based payments | | - | - | 336,746 | - | **336,746** |
| **Balance at 30 June 2020** | 11, 12, 13 | 60,989,789 | (40,660,314) | 1,132,872 | 1,256,565 | **22,718,912** |
| Loss for the year | | - | (2,850,250) | - | - | **(2,850,250)** |
| Other comprehensive income for the year, net of tax | | - | - | - | (1,332,410) | **(1,332,410)** |
| **Total comprehensive income for the year** | | - | (2,850,250) | - | (1,332,410) | **(4,182,660)** |
| Issue of ordinary shares – Capital raisings | | 14,050,467 | - | - | - | **14,050,467** |
| Shares issued to Directors and management in lieu of salaries and fees – December 2020 | | 172,065 | - | - | - | **172,065** |
| Shares issued to Directors and management in lieu of salaries and fees – June 2021 | | 104,134 | - | - | - | **104,134** |
| Issue of ordinary shares – Services rendered | | - | - | - | - | **-** |
| Cost of share capital issued | | (376,108) | - | - | - | **(376,108)** |
| Cost of share based payments | | - | - | 676,238 | - | **676,238** |
| Expired options transferred to accumulated losses | | - | 732,043 | (732,043) | - | **-** |
| **Balance at 30 June 2021** | | 74,940,347 | (42,778,521) | 1,077,067 | (75,845) | **33,163,048** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | NOTE | FOR THE YEAR ENDED 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Payments to suppliers and employees | | **(2,089,474)** | (2,516,341) |
| Government grant income | | **51,106** | |
| Net cash flows used in operating activities | 7 | **(2,038,368)** | (2,516,341) |
| **Cash flow from investing activities** | | | |
| Capitalised exploration expenditure | | **(817,679)** | (1,529,353) |
| Interest received | | **1,056** | 2,870 |
| Payments for security deposits | | **(3,600)** | - |
| Payments for property, plant and equipment | | **(5,742)** | (3,679) |
| Net cash flows used in investing activities | | **(825,965)** | (1,530,162) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares and options | | **14,050,467** | 3,000,000 |
| Payment of share issue costs | | **(376,108)** | (134,601) |
| Net cash flows provided by financing activities | | **13,674,359** | 2,865,399 |
| Net increase/(decrease) in cash held | | **10,810,026** | (1,181,104) |
| Cash and cash equivalents at the beginning of the financial year | | **722,097** | 1,907,467 |
| Effect of exchange movement on cash balances | | **(233,701)** | (4,266) |
| **Cash and cash equivalents at the end of the year** | 7 | **11,298,422** | 722,097 |

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

## 1 GENERAL INFORMATION

### Statement of compliance

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

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

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

The financial statements were authorised for issue by the Directors on 28 September 2021.

### 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 Group has incurred net losses of $2,850,250 (30 June 2020: $3,387,285) and experienced net cash outflows from operating activities of $2,038,368 (30 June 2020: $2,516,341) and net cash outflows from investing activities of $825,965 (30 June 2020: $1,530,162) for the year ended 30 June 2021.

During the financial year the Group deployed its working capital into its graphite prospects in Mahenge, Tanzania in order continue its Front End Engineering Design work and complete its Spherical Purified Graphite Production Trial. The Group has also finalised all field activities and has now substantially completed the Resettlement Action Plan process. The Resettlement Action Plan was a critical step in the Company's progression towards making a final investment decision on the project, with resettlement activities commencing only after the Company enters into a Framework Agreement with the Government of Tanzania, and makes a final investment decision with respect to the Mahenge project. The Directors have prepared a cash flow forecast reflecting the Group's key objectives, which indicates the Group does not need to raise additional capital to fund the Company's stated strategic objectives for at least a period of 12 months from the date of this report.

The cash flow forecast for the period ending 30 September 2022 indicates that the Group is not required to raise additional capital in order to continue its exploration and evaluation activities, as it moves towards making a final investment decision, and consequent planned preparation for the potential construction on its graphite prospects in Tanzania and to fund working capital. This assumes no slowing down or deferment of costs. Should a final investment decision be made with respect to the Mahenge Graphite Project, the cash flow forecast will be updated to identify any additional funding required for development.

The Directors believe that the going concern basis of preparation is therefore appropriate.

### Impact of COVID-19

The COVID-19 outbreak and the subsequent quarantine measures imposed by the Australian and other governments, and related travel and trade restrictions have caused disruption to businesses and resulted in significant global economic impacts. As at 30 June 2021, these impacts have not had a significant effect on the Group's financial results or operations. However, as the impact of COVID-19 continues to evolve, including changes in government policy and business reactions thereto, if our staff are unable to work or travel due to illness or government restrictions, we may be forced to reduce or suspend our exploration and potential development activities. In addition, as the COVID-19 pandemic and mitigation measures have also negatively impacted global economic conditions, this, in turn, could adversely affect our business in the future. Due to the continually evolving nature of COVID-19 the Directors cannot reasonably estimate the effects that the COVID-19 pandemic could have on future periods and believes that any disturbance may be temporary. However, there is uncertainty about the length and potential impact of any resultant disturbance. As a result, we are unable to estimate the potential impact on the Group's future operations as at the date of these Financial Statements.

## 2 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

### 2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

There are no new or revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group.

### 2.2 Impact of changes to Australian Accounting Standards and Interpretations

*(i) Other new accounting standards*

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2018-6 Amendments to Australian Accounting Standards: Definition of a Business;
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material;
- AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework;
- AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform;
- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia; and
- AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions.

*(ii) Application of new and revised accounting standards*

At the date of the authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between and Investor and its Associate or Joint Venture;
- AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections;
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferral of Effective Date;
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments;
- AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2;
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates; and
- AASB 2021-3 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation

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

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

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

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

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

The principal accounting policies are set out below.

### 3.2 Basis of consolidation

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

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

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

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

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

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

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

### 3.3 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

## 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).

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### 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.

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 ("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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### 3.7 Taxation - CONTINUED

*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 implemented the tax consolidation legislation.

The head entity, Black Rock Mining, and any 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 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 sits between the following range:

Plant and equipment: 7.5% - 67%

### 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.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### 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

***Trade and Other Receivables***

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

If collection of amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. As the majority of trade and other receivables are short term in nature, their carrying value is assumed to be the same as their fair value. Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition is this category.

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. If there is objective evidence of impairment, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously not recognised in the profit or loss which is removed from equity and recognized in profit and loss.

***Cash and Cash Equivalent***

Cash and cash equivalents includes cash on hand and deposits held at call which are subject to insignificant risk of changes in value.

***Trade and Other Payables***

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

### 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.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### 3.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable likelihood that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Deferral and presentation of government grants Government grants are deducted in calculating the carrying amount of the related grant asset. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation expense. During the year, the company received $51,191 (2020: $nil) in relation to cashflow boost grants, which have been recognised as other income.

## 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.

#### *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.

## 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.

### 5.1 Segment revenues and results

| 2021 | GRAPHITE | CORPORATE | CONSOLIDATED |
|---|---|---|---|
| Interest | **-** | **1,056** | **1,056** |
| Other income | **-** | **51,106** | **51,106** |
| Total income | **-** | **52,162** | **52,162** |
| Loss before tax | **(571,827)** | **(2,278,423)** | **(2,850,250)** |
| Fixed asset additions | **-** | **5,742** | **5,742** |
| Depreciation | **(6,341)** | **(7,832)** | **(14,172)** |

| 2021 | GRAPHITE | CORPORATE | CONSOLIDATED |
|---|---|---|---|
| Total segment assets | **14,702,115** | **18,929,526** | **33,631,641** |
| Total segment liabilities | **(66,289)** | **(402,304)** | **(468,593)** |

| 2020 | GRAPHITE | CORPORATE | CONSOLIDATED |
|---|---|---|---|
| Interest | - | 2,870 | 2,870 |
| Total income | - | 2,870 | 2,870 |
| Loss before tax | (723,508) | (2,663,777) | (3,387,285) |
| Fixed asset additions | - | 3,679 | 3,679 |
| Depreciation | (9,923) | (8,707) | (18,630) |

| 2020 | GRAPHITE | CORPORATE | CONSOLIDATED |
|---|---|---|---|
| Total segment assets | 22,787,191 | 830,559 | 23,617,750 |
| Total segment liabilities | (408,675) | (490,163) | (898,838) |

## 6 INCOME TAXES

| | | FOR THE YEAR ENDED 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|---|
| (a) | **Income tax (benefit)/expense** | | |
| | Current tax | - | - |
| | Deferred tax | - | - |
| | | - | - |
| (b) | **Numerical reconciliation of income tax expense to prima facie tax payable** | | |
| | Loss for the year | (2,850,250) | (3,387,285) |
| | Loss from operations | (2,850,250) | (3,387,285) |
| | Prima facia tax benefit at 26% (2020: 27.5%) | (741,065) | (931,504) |
| | Share based payments | 247,633 | 83,283 |
| | Non-deductible expenditure | 149,364 | 199,295 |
| | Non-assessable cash flow boost | (13,288) | - |
| | Capital loss - Loan forgiveness | - | 555,441 |
| | Movement in unrecognised temporary differences | (94,775) | (52,681) |
| | Unused tax losses for which no deferred tax asset has been recognised | 452,131 | 146,166 |
| | Income tax benefit | - | - |
| (c) | **Recognised deferred tax assets and liabilities** | | |
| | **Recognised deferred tax assets comprise:** | | |
| | Other temporary differences | 131,722 | 165,642 |
| | Tax losses available for offset against future taxable income | 1,991,101 | 1,749,602 |
| | | 2,122,823 | 1,915,244 |
| | **Recognised deferred tax liabilities comprise:** | | |
| | Exploration and evaluation | 2,058,566 | 1,916,303 |
| | Unrealised foreign exchange movements | 64,257 | (1,059) |
| | | 2,122,823 | 1,915,244 |

***Unrecognised deferred tax assets***

Unused tax losses for which no deferred tax asset has been recognised are $20,431,162 (2020: $18,445,947). Potential tax benefit is $5,312,102 (2020: $5,075,386).

**(d) Franking credits**

The Company has no franking credits available as at 30 June 2021 (2020: Nil).

**(e) Tax Consolidation**

The Company and any 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.

## 7 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 30/06/2021 | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | $ | $ |
| Cash and bank balances | **11,298,422** | 722,097 |
| | **11,298,422** | 722,097 |

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

| | FOR THE YEAR ENDED 30/06/2021 | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | $ | $ |
| Loss after income tax | **(2,850,250)** | (3,387,285) |
| Depreciation and amortisation of non-current assets | **14,172** | 18,630 |
| Share based payments to key management personnel | **952,436** | 374,246 |
| Net foreign exchange gain | **(232,205)** | 4,641 |
| Loss on disposal of investment | **-** | 114,232 |
| Interest revenue transferred to investing activity | **-** | (2,870) |
| | **(2,115,847)** | (2,878,406) |
| *Movements in working capital:* | | |
| (Increase)/decrease in trade and other receivables | **(51,635)** | 76,993 |
| (Decrease)/increase in trade and other payables | **(107,211)** | 259,984 |
| Increase in employee entitlements provision | **21,902** | 25,088 |
| | **(77,479)** | 362,065 |
| Net cash used in operating activities | **(2,038,368)** | (2,516,341) |

**Non Cash transactions**

| | FOR THE YEAR ENDED 30/06/2021 | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | $ | $ |
| *Operating Activity* | | |
| Options vested during the year in relation to services rendered by employees and consultants | **676,237** | 336,746 |
| Payment for services rendered by employees and consultants through the issue of shares | **276,199** | 37,500 |
| | **952,436** | 374,246 |

## 8 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 30/06/2021** | FOR THE YEAR ENDED 30/06/2020 |
| Mahenge Resources Limited | Tanzania | **100%** | 100% |

## 9 EXPLORATION AND EVALUATION ASSET

**In the exploration phase**

| | **FOR THE YEAR ENDED 30/06/2021 $** | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| Balance at beginning of year | **22,770,344** | 20,978,368 |
| Expenditure incurred during the year (at cost) | **753,095** | 1,529,353 |
| Foreign exchange effect | **(1,358,735)** | 262,623 |
| Balance at end of year | **22,164,704** | 22,770,344 |

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

| | **FOR THE YEAR ENDED 30/06/2021 $** | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| Cash paid for exploration and evaluation | **817,679** | 1,458,591 |
| Accruals in prior year | **(107,325)** | (36,563) |
| Accruals in current year | **42,741** | 107,325 |
| Total expenditure incurred during the year (at cost) | **753,095** | 1,529,353 |

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 licenses.

The balance of $22,164,704 (2020: $22,770,344) at reporting date represents the carrying value of its Graphite assets in Tanzania.

## 10 TRADE AND OTHER PAYABLES

| | **FOR THE YEAR ENDED 30/06/2021 $** | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| Trade creditors | **143,193** | 295,795 |
| Accruals | **180,714** | 523,605 |
| Other liabilities | **62,972** | 19,626 |
| | **386,879** | 839,026 |

Included in trade creditors and accruals is an amount of $42,741 (2020: $107,325) relating to exploration expenditure.

## 11 ISSUED CAPITAL

| | FOR THE YEAR ENDED 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| 849,264,173 ordinary shares issued and fully paid (30 June 2020: 628,943,708) | **74,940,347** | 60,989,789 |
| | **74,940,347** | 60,989,789 |

**Fully paid ordinary shares**

| | NUMBER OF SHARES | SHARE CAPITAL $ |
|---|---|---|
| **Balance at 30 June 2019** | 585,550,851 | 58,086,890 |
| Shares issued under Placement 22 August 2019 ($0.07 per share) –Cash | 37,000,001 | 2,590,000 |
| Shares issued to Directors - 28 October 2019 ($0.07 per share) – Cash | 5,857,142 | 410,000 |
| Shares issued to Director – 31 December 2019 ($0.07 per share) – Non-cash | 535,714 | 37,500 |
| Less: capital raising costs | - | (134,601) |
| **Balance at 30 June 2020** | 628,943,708 | 60,989,789 |
| Shares issued under 11 August 2020 Rights Issue ($0.042 per share) – Cash | **39,308,982** | **1,650,977** |
| Shares issued under Placement 12 October 2020 ($0.049 per share) – Cash | **40,816,327** | **2,000,000** |
| Shares issued under Placement 28 May 2021 ($0.077 per share) – Cash | **126,020,001** | **9,731,551** |
| Shares issued to Directors and Consultants 30 December 2020 (0.042 per share) – Non-cash | **4,096,779** | **172,065** |
| Shares issued to Directors and Consultants 23 June 2021 (0.0968 per share) – Non-cash | **1,292,353** | **104,134** |
| Shares issued upon exercise of options – (various price per share) – Cash | **8,786,023** | **667,939** |
| Less: capital raising costs | **-** | **(376,108)** |
| **Balance at 30 June 2021** | **849,264,173** | **74,940,347** |

**Options**

| UNLISTED OPTIONS | OPENING BALANCE NO. | EXERCISED IN YEAR NO. | GRANTED IN YEAR NO. | EXPIRED IN YEAR NO. | CLOSING BALANCE NO. |
|---|---|---|---|---|---|
| Expiring 31 August 2020 at $0.10 | 6,250,000 | - | - | (6,250,000) | - |
| Expiring 31 August 2020 at $0.10 | 6,250,000 | - | - | (6,250,000) | - |
| Expiring 31 August 2020 at $0.10 | 6,250,000 | - | - | (6,250,000) | - |
| Expiring 31 August 2020 at $0.10 | 6,250,000 | - | - | (6,250,000) | - |
| Expiring 7 Nov 2021 at $0.10 | 13,000,000 | - | - | - | 13,000,000 |
| Expiring 18 Dec 2021 at $0.10 | 3,000,000 | - | - | - | 3,000,000 |
| Expiring 14 Mar 2021 at $0.20 | 5,000,000 | - | - | - | 5,000,000 |
| Expiring 9 Jul 2021 at $0.07 | 5,000,000 | (5,000,000) | - | - | - |
| Expiring 31 Oct 2021 at $0.10 | 1,000,000 | - | - | | 1,000,000 |
| Expiring 28 October 2022 at $0.15 | 9,200,000 | - | - | - | 9,200,000 |
| Expiring 18 November 2022 at $0.15 | 3,000,000 | - | - | - | 3,000,000 |
| Expiring 10 August 2023 at $0.084 | - | - | 35,522,958 | - | 35,522,958 |
| Expiring 4 November 2023 at $0.0785 | - | - | 5,000,000 | - | 5,000,000 |
| Expiring 21 December 2023 at $0.116 | - | - | 11,000,000 | - | 11,000,000 |
| Expiring 24 January 2024 at $0.116 | - | - | 1,000,000 | - | 1,000,000 |
| | 64,200,000 | (5,000,000) | 52,522,958 | (25,000,000) | 86,722,958 |

The weighted average exercise price of options at 30 June 2021 is $0.11 (2020: $0.11).
The weighted average remaining contractual life of options as at 30 June 2021 is 580 days (2020: 369 days).

## 12 RESERVES (NET OF INCOME TAX)

| | FOR THE YEAR ENDED 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| **Reserves** | | |
| Share based payments reserve (i) | **1,077,067** | 1,132,872 |
| Foreign translation reserve (ii) | **(75,845)** | 1,256,565 |
| | **1,001,222** | 2,389,437 |

*(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 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| Balance at the beginning of the year | **1,132,872** | 796,126 |
| Add: Amounts expensed in the current year | **676,238** | 336,746 |
| Less: Options expired in the current year | **(732,043)** | - |
| | **1,077,067** | 1,132,872 |

*(ii) Foreign Translation Reserve*

The foreign translation reserve arises on the consolidation of the Group's overseas subsidiary, Mahenge Resources Limited. Refer to consolidated statement of changes in equity for reconciliation of movement.

## 13 ACCUMULATED LOSSES

| | FOR THE YEAR ENDED 30/06/2021 $ | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| Balance at beginning of the year | **40,660,314** | 37,273,029 |
| Net loss attributable to members | **2,850,250** | 3,387,285 |
| Transfer from share option reserve | **(732,043)** | - |
| Balance at end of year | **42,778,521** | 40,660,314 |

## 14 SHARE BASED PAYMENTS

### (a) Employee Share Incentive Scheme

The establishment of the Black Rock Mining Employee Share Incentive Option Plan ("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, 28 November 2013 and 23 November 2020. All eligible Directors, executive officers and employees of Black Rock Mining are eligible to participate in the Plan.

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

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

During the year, the shared based payment expense recognised in the consolidated statement of profit and loss totaled $952,436 (2020: $374,246).

***Share based payment arrangements relating to Directors and employees:***

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER OF OPTIONS AT THE BEGINNING OF THE YEAR | OPTIONS GRANTED THIS YEAR | OPTIONS EXERCISED THIS YEAR | OPTIONS LAPSED, EXPIRED THIS YEAR | NUMBER OF OPTIONS AT THE END OF THE YEAR | OPTIONS EXERCISABLE AT THE END OF THE YEAR | FAIR VALUE AT GRANT DATE |
|---|---|---|---|---|---|---|---|---|---|
| 17/10/17 | 31/8/20 | $0.10 | 1,250,000 | - | - | (1,250,000) | - | - | $0.0259 |
| 17/10/17 | 31/8/20 | $0.10 | 1,250,000 | - | - | (1,250,000) | - | - | $0.0259 |
| 17/10/17 | 31/8/20 | $0.10 | 1,250,000 | - | - | (1,250,000) | - | - | $0.0259 |
| 17/10/17 | 31/8/20 | $0.10 | 1,250,000 | - | - | (1,250,000) | - | - | $0.0259 |
| 28/10/17 | 31/8/20 | $0.10 | 3,750,000 | - | - | (3,750,000) | - | - | $0.0122 |
| 28/11/17 | 31/8/20 | $0.10 | 3,750,000 | - | - | (3,750,000) | - | - | $0.0140 |
| 28/11/17 | 31/8/20 | $0.10 | 3,750,000 | - | - | (3,750,000) | - | - | $0.0193 |
| 28/11/17 | 31/8/20 | $0.10 | 3,750,000 | - | - | (3,750,000) | - | - | $0.0259 |
| 7/11/18 | 7/11/21 | $0.10 | 10,000,000 | - | - | - | 10,000,000 | 10,000,000 | $0.0132 |
| 8/11/18 | 31/10/21 | $0.10 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | $0.0094 |
| 2/5/19 | 2/5/22 | $0.15 | 1,500,000 | - | - | - | 1,500,000 | 1,500,000 | $0.0408 |
| 2/5/19 | 2/5/22 | $0.15 | 1,500,000 | - | - | - | 1,500,000 | 1,500,000 | $0.0271 |
| 28/10/19 | 28/10/22 | $0.15 | 9,200,000 | - | - | - | 9,200,000 | 9,200,000 | $0.0268 |
| 4/11/20 | 4/11/23 | $0.0785 | - | 5,000,000 | - | - | 5,000,000 | 2,500,000 | $0.0245 |
| 23/11/20 | 21/12/23 | $0.116 | - | 11,000,000 | - | - | 11,000,000 | 5,500,000 | $0.0388 |
| 25/1/21 | 24/1/24 | $0.116 | - | 1,000,000 | - | - | 1,000,000 | 500,000 | $0.1018 |
| 1/5/21 | 1/5/24 | $0.20 | - | 1,500,000 | - | - | 1,500,000 | 1,500,000 | $0.0646 |
| | | | **43,200,000** | **18,500,000** | **0** | **(20,000,000)** | **41,700,000** | **33,200,000** | |

## 14 SHARE BASED PAYMENTS - CONTINUED

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

*Share based payment arrangements relating to Directors and employees:* - CONTINUED

| EMPLOYEES & CONSULTANTS | |
|---|---|
| Tranche | |
| Grant date | 4-Nov-20 |
| Number of options | 5,000,000 |
| Method | Black Scholes |
| Grant date share price (cents) | 5.6 |
| Exercise price (cents) | 7.85 |
| Expected volatility | 81% |
| Option life (years) | 3.00 years |
| Dividend yield | Nil |
| Risk-free interest rate | 0.1% |

| DIRECTORS | |
|---|---|
| Tranche | |
| Grant date | 23-Nov-20 |
| Number of options | 11,000,000 |
| Method | Black Scholes |
| Grant date share price (cents) | 8.5 |
| Exercise price (cents) | 11.6 |
| Expected volatility | 82% |
| Option life (years) | 3.00 years |
| Dividend yield | Nil |
| Risk-free interest rate | 0.1% |

| CONSULTANTS | |
|---|---|
| Tranche | |
| Grant date | 25-Jan-21 |
| Number of options | 1,000,000 |
| Method | Black Scholes |
| Grant date share price (cents) | 16.5 |
| Exercise price (cents) | 11.6 |
| Expected volatility | 85% |
| Option life (years) | 3.00 years |
| Dividend yield | Nil |
| Risk-free interest rate | 0.1% |

| CONSULTANTS | |
|---|---|
| Tranche | |
| Grant date | 1-May-21 |
| Number of options | 1,500,000 |
| Method | Black Scholes |
| Grant date share price (cents) | 14 |
| Exercise price (cents) | 20 |
| Expected volatility | 86% |
| Option life (years) | 3.00 years |
| Dividend yield | Nil |
| Risk-free interest rate | 0.2% |

## 14 SHARE BASED PAYMENTS - CONTINUED

**(a) Employee Share Incentive Scheme** - CONTINUED

***Share based payment arrangements relating to Directors and employees:*** - CONTINUED

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE (CENTS) | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE (CENTS) |
| Balance at the beginning of the financial year | **43,200,000** | **0.114** | 34,000,000 | 10.4 |
| Granted during the financial year: | | | | |
| - Directors | **11,000,000** | **0.116** | 9,200,000 | 15.0 |
| - Employees & consultants | **7,500,000** | **0.108** | - | - |
| Expired during the financial year: | | | | |
| - Directors | **(15,000,000)** | **0.100** | - | - |
| - Employees & consultants | **(5,000,000)** | **0.100** | - | - |
| Balance at the end of the financial year | **41,700,000** | **0.120** | 43,200,000 | 11.4 |
| Vested and Exercisable at the end of the year | **33,200,000** | **0.124** | 43,200,000 | 11.4 |

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 a weighted average exercise price of $0.120 (2020: $0.114) and a weighted average remaining contractual life of 564 days (2020: 396 days).

## 15 KEY MANAGEMENT PERSONNEL COMPENSATION

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

| | | |
|---|---|---|
| **Richard Crookes** | Non-Executive Chairman | Appointed – 16 October 2017 |
| **Ian Murray** | Non-Executive Director | Appointed – 2 May 2019 |
| **John de Vries** | Chief Executive Officer & Managing Director | Appointed – 16 March 2017 |
| **Gabriel Chiappini** | Non-Executive Director & Company Secretary | Appointed – 21 March 2012 |

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

| | FOR THE YEAR ENDED 30 JUNE 2021 $ | FOR THE YEAR ENDED 30 JUNE 2020 $ |
|---|---|---|
| Short-term employee benefit | **356,321** | 569,145 |
| Post-employment benefits | **44,270** | 40,770 |
| Share-based payments | **582,503** | 265,345 |
| Bonus | **-** | - |
| Other | **43,900** | - |
| | **1,026,994** | 875,260 |

## 16 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 network firms and non-related audit firms:

| | FOR THE YEAR ENDED 30/06/2021 | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | **$** | $ |
| Audit or review of the financial statements (Parent Auditor) | **46,050** | 37,275 |
| Audit or review of the financial statements (Other group entities Auditor) | **8,963** | 11,153 |
| | **54,993** | 48,428 |

The Auditor of Black Rock Mining is Deloitte Touche Tohmatsu.

## 17 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 costs were incurred to key management personnel for services in addition to those shown elsewhere in this note:

| DIRECTOR | VALUE $ | DESCRIPTION |
|---|---|---|
| **Gabriel Chiappini** | 72,270 | Amounts to Laurus Corporate Services, a Company Mr Chiappini is a shareholder and Director of, for the provision of Company Secretarial and Non-executive Director services. |
| **Gabriel Chiappini** | 22,000 | Amounts to Laurus Corporate Services, a Company Mr Chiappini is a shareholder and Director of, for the provision of out of scope consultancy services provided during the financial year. |

## 18 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 the below amounts per square kilometre to keep its tenements in good standing.

The license costs per annum are as follows:

| PROJECT NAME | LICENSE TYPE | LICENSE NUMBER | AREA $KM^2$ | RATE PER $KM^2$ | TOTAL |
|---|---|---|---|---|---|
| **Mahenge North** | Mining License | ML 611/2019 | 9.94 | USD 2,000 | USD 19,880 |
| **Mahenge North** | Mining License | ML 612/2019 | 9.79 | USD 2,000 | USD 19,580 |
| **Mahenge North** | Prospecting License | PL 11486/2020 | 118.37 | USD 100 | USD 11,837 |
| **Mahenge East** | Prospecting License | PL 10426/2014 | 77.46 | USD 150 | USD 11,619 |
| **Mahenge Southwest** | Prospecting License | PL 10427/2014 | 111.60 | USD 150 | USD 16,740 |
| | | | **327.16** | | **USD 79,656** |

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 2021.

## 18 EXPENDITURE COMMITMENTS - CONTINUED

**a. Exploration** - CONTINUED

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 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. 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 Program***

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

**b. Capital Commitments**

The Group has no capital commitments (2020: Nil).

**c. Short-term Lease Commitments**

On the 31 May 2021 the Company extended the license agreement for its service office at 45 Ventnor Avenue, West Perth with the following applicable terms and conditions:

Commencement date: 1 June 2021

Expiry date: 30 November 2021

Monthly License fee: $6,600 incl. GST

Notice period: from 31 May 2021 either party may terminate the license by providing 60 days notice.

The Group has assessed its short-term lease and determined that it does not fulfil the requirements of AASB 16.

At 30 June 2021 the Company had a commitment under the license of $30,000 (ex GST) all of which is due and payable within 12 months.

**d. Contractual Commitments**

As at 30 June 2021, the Group had no contractual expenditure commitments in place. (June 2020: Nil)

## 19 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 30/06/2021** | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | **$** | $ |
| Profit/(Loss) used in calculating basic and diluted loss per share | **(2,850,250)** | (3,387,285) |
| Weighted average number of ordinary shares used in calculating basic and diluted profit/(loss) per share: | **707,527,614** | 621,227,172 |
| Basic and diluted profit/(loss) per share | **($0.00403)** | ($0.00545) |

The consolidated entity's options 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.

## 20 FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from 2020.

The Group holds the following financial instruments, all of which the fair value is equal to the carrying value:

| | **FOR THE YEAR ENDED 30/06/2021 $** | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **11,298,422** | 722,097 |
| Trade and other receivables | **145,003** | 93,368 |
| **Total financial assets** | **11,443,425** | 815,465 |
| **Financial liabilities** | | |
| Trade and other payables | **(386,879)** | (839,026) |
| Provisions | **(81,714)** | (59,812) |
| **Total financial liabilities** | **(468,593)** | (898,838) |
| **Net financial instruments** | **10,974,832** | (83,373) |

The capital structure of the Group consists of net debt (current liabilities offset by cash and bank balances as detailed in note 7) and equity of the Group (comprising issued capital, reserves and accumulated losses as detailed in notes 11, 12 and 13).

### a. Capital Management

The main focus of the Group's capital management policy is to ensure adequate working capital to fund the exploration and development activities of its Mahenge Graphite Project. 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 30/06/2021 $** | FOR THE YEAR ENDED 30/06/2020 $ |
|---|---|---|
| Cash and bank balances | **11,298,422** | 722,097 |
| Trade and other receivables | **145,003** | 93,368 |
| Trade and other payables | **(386,879)** | (839,026) |
| | **11,056,546** | (23,561) |

Refer to Going Concern assumption disclosure for further details on working capital management.

### 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.

## 20 FINANCIAL INSTRUMENTS - CONTINUED

### Market risk

***Foreign exchange risk***

The Group transacts in US Dollars in relation to its Tanzanian operations and is exposed to foreign exchange currency movements arising from various currency exposures, primarily with respect to the US Dollar and the Tanzanian Shilling.

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 consolidated entity's pre-tax loss for the year would have been $56,082 higher/lower (2020: $72,293 higher/ lower) had the Australian dollar strengthened/weakened by 10% against the US Dollar.

***Cash flow and fair value interest rate risk***

The Group is exposed to interest rate risk through cash and cash equivalents $11,298,422 (2020: $722,097).

At 30 June 2021, 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 $106 lower/higher (2020: $287 lower/higher) mainly as a result of interest income deceases/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 |
|---|---|
| Other receivables | $100,003 |
| Restricted Cash | $45,000 |

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.

### 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.

***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 | $143,192 |

### 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.

## 21 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2021 (2020: Nil).

## 22 EVENTS AFTER THE REPORTING DATE

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 1 July 2021 Black Rock Mining announced that it had signed a Memorandum of Understanding with United States Clean Tech Graphite Processing Company Urbix, Inc for an innovative supply chain partnership collaboration on battery anode processing.
- On 13 August 2021 Black Rock Mining announced that new Binding Term Sheets for Offtake had been agreed with the Company's existing Offtake customers, Taihe Soar (Dalian) Supply Chain Management and Qingdao Yujinxi New Material Co Ltd. The binding agreements are for the supply of large flake graphite concentrate and remain subject to both parties satisfying certain conditions precedent.

## 23 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 30/06/2021** | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | **$** | $ |
| **Assets** | | |
| Current assets | **11,428,880** | 814,881 |
| Non-current assets | **7,500,645** | 7,000,315 |
| Total assets | **18,929,525** | 7,815,196 |
| **Liabilities** | | |
| Current liabilities | **402,304** | 490,164 |
| Non-current liabilities | **-** | - |
| Total liabilities | **402,304** | 490,164 |
| **Equity** | | |
| Issued capital | **74,940,348** | 60,989,790 |
| Retained earnings | **(57,490,194)** | (54,797,630) |
| Reserves | **1,077,067** | 1,132,872 |
| Total equity | **18,527,221** | 7,325,032 |

**Financial performance**

| | **FOR THE YEAR ENDED 30/06/2021** | FOR THE YEAR ENDED 30/06/2020 |
|---|---|---|
| | **$** | $ |
| Loss for the year | **3,424,607** | 3,804,467 |
| Other comprehensive income | **-** | - |
| Total comprehensive loss | **3,424,607** | 3,804,467 |

Commitments and contingent liabilities are consistent with Note 21.

# 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**

Dar es Salaam, 28 September 2021

Deloitte.

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

## Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of Black Rock Mining Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, 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 Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

*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 for 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.

**Deloitte.**

| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| **Carrying value of Exploration and Evaluation Assets**<br><br>As at 30 June 2021, the carrying value of exploration and evaluation assets amounts to $22,164,704 including additions of $753,095 as disclosed in Note 9.<br><br>Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including:<br>• whether the conditions for capitalisation are satisfied;<br>• which elements of exploration and evaluation expenditure qualify for capitalisation;<br>• the Group's intentions and ability to proceed with a future work program;<br>• The classification of Exploration & Evaluation Assets vs. Development Assets;<br>• the likelihood of licence renewal or extension; and<br>• the expected or actual success of resource evaluation and analysis. | Our procedures associated with exploration and evaluation expenditure incurred during the year included, but were not limited to:<br>• obtaining an understanding of the key controls associated with the capitalisation or expensing of exploration and evaluation expenditure; and<br>• testing on a sample basis, exploration and evaluation expenditure to confirm the nature of the costs incurred, and the appropriateness of the classification between asset and expense.<br><br>Our procedures associated with the carrying value of exploration and evaluation assets included, but were not limited to:<br>• obtaining an understanding of the key controls associated with the identification of indicators of impairment;<br>• evaluating management's impairment indicator assessment, including consideration as to whether any of the following events exist at the reporting date which may indicate that exploration and evaluation assets may not be recoverable:<br>  o obtaining a schedule of the area of interest held by the Group and confirming whether the rights to tenure of that area of interest remained current at balance date;<br>  o holding discussions with management as to the status of ongoing exploration programs in the respective area of interest; and<br>  o assessing whether any facts or circumstances existed to suggest impairment testing was required.<br><br>Our procedures associated with the classification of Exploration & Evaluation Assets included, but were not limited to:<br>  o holding discussions with management in relation to any commitments entered into;<br>  o review of board minutes and contracts to assess whether these would indicate that a final investment decision has been made; and<br>  o performing subsequent events procedures to identify if any final investment decision has been made after the reporting date.<br><br>We also assessed the appropriateness of the disclosures in Note 9 to the financial statements. |

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the 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 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have 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 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 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 Group'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 Group'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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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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, actions taken to eliminate threats or safeguards applied.

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 on pages 13 to 17 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Black Rock Mining Limited, for the year ended 30 June 2021, 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

David Newman
Partner
Chartered Accountants
Perth, 28 September 2021

## ORDINARY FULLY PAID SHARES

**Range of units** *as of 24 September 2021*

| RANGE | TOTAL HOLDERS | UNITS | % UNITS |
|---:|---:|---:|---:|
| 1 - 1,000 | 158 | 54,104 | 0.01 |
| 1,001 - 5,000 | 247 | 788,410 | 0.09 |
| 5,001 - 10,000 | 261 | 2,075,314 | 0.24 |
| 10,001 - 100,000 | 1,120 | 45,969,760 | 5.40 |
| 100,001 Over | 600 | 801,845,023 | 94.25 |
| **Rounding** | | | **0.01** |
| **Total** | **2,386** | **850,732,611** | **100.00** |

**Unmarketable parcels**

| | MINIMUM PARCEL SIZE | HOLDERS | UNITS |
|---|---:|---:|---:|
| Minimum $ 500.00 parcel at $ 0.1950 per unit | 2,565 | 240 | 201,377 |

**Top 20 Shareholders** *as of 24 September 2021*

| RANK | NAME | UNITS | % UNITS |
|---|---|---:|---:|
| 1 | POSCO LTD | 126,020,001 | 14.81 |
| 2 | EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C> | 60,253,651 | 7.08 |
| 3 | COPULOS SUPERANNUATION PTY LTD <COPULOS PROVIDENT FUND A/C> | 44,311,368 | 5.21 |
| 4 | EYEON NO 2 PTY LTD | 22,066,433 | 2.59 |
| 5 | DANIEL TURNER CAPITAL PTY LTD <DANIEL TURNER FAMILY A/C> | 20,424,256 | 2.40 |
| 6 | JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C> | 14,651,875 | 1.72 |
| 7 | CITICORP NOMINEES PTY LIMITED | 13,648,946 | 1.60 |
| 8 | WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C> | 13,561,674 | 1.59 |
| 9 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 12,877,963 | 1.51 |
| 10 | SPACETIME PTY LTD <COPULOS EXEC S/FUND NO 1 A/C> | 12,617,753 | 1.48 |
| 11 | MR CHIN YONG CHONG | 12,503,005 | 1.47 |
| 12 | GASMERE PTY LTD | 12,472,633 | 1.47 |
| 13 | E & E HALL PTY LTD <E & E HALL P/L S/F A/C> | 11,045,376 | 1.30 |
| 14 | DANIEL TURNER HOLDINGS PTY LTD <DANIEL TURNER SUPERFUND A/C> | 10,097,396 | 1.19 |
| 15 | MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN | 9,492,500 | 1.12 |
| 16 | RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C> | 8,811,363 | 1.04 |
| 17 | CHRIKIM PTY LTD <GEOFFREY WRIGHT INCOME A/C> | 8,600,000 | 1.01 |
| 18 | TISDELL FAMILY SUPER PTY LTD <TISDELL FAMILY SUPER A/C> | 7,800,000 | 0.92 |
| 19 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 7,779,087 | 0.91 |
| 20 | CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C> | 6,721,422 | 0.79 |
| | **Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)** | **435,756,702** | **51.22** |
| | **Total Remaining Holders Balance** | **414,975,909** | **48.78** |

**Substantial holders**

| NAME | UNITS | % UNITS |
|---|---:|---:|
| Copulos Group | 156,736,464 | 18.61% |
| POSCO | 126,020,001 | 14.80% |

## Mahenge Graphite Project

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange (ASX:BKT). The Company has a 100% interest in the Mahenge Graphite Project (the "Project") located in Tanzania. The Project has a JORC compliant Mineral Resource Estimate of 212m tonnes at 7.8% TGC. It also has Ore Reserves of 70m tonnes at 8.5% TGC. The Ore Reserves support a mine life of up to 350k tonnes of graphite per annum for a reserve life of 16 years. Since the release of the Mineral Resource Estimate, the Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource Estimate.

In October 2018, the Company released a Definitive Feasibility Study (DFS) for the Project, which was based on strong customer demand. This DFS was enhanced in July 2019, and demonstrates exceptional financial metrics including:

- Low Capex: Lowest peak capital expenditure of US$116M for phase one*
- High Margin: AISC margin of 63.1%;
- Low Technical Risk: Substantial pilot plant operations run of 110 tonnes; and
- Superior Economics: IRR of 44.8% with NPV10 of US$1.16bn (A$1.65bn**)

Following release of the Enhanced DFS in July 2019, the Company confirms that it is not aware of any new data or information that materially affects the results of the Enhanced DFS and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

In February 2019, the Company announced receipt of its mining licence for the DFS project. In May 2019, the Company announced it had substantially allocated planned production with up to 255k tonnes per annum of graphite committed to sale by year three of production, through Pricing Framework Agreements. The Company is progressing these agreements into binding offtake commitments.

The Company is currently advancing financing discussions and detailed engineering with a view to commencing construction of the mine.

### JORC Compliant Mineral Resource Estimate and Ore Reserve

| | TONNES | GRADE | CONTAINED GRAPHITE |
|---|---|---|---|
| | (MT) | (% TGC) | (MT) |
| **Ore Reserves** | | | |
| - Proven | 0.0 | 0.0 | 0.0 |
| - Probable | 70.0 | 8.5 | 6.0 |
| **Total Ore Reserves** | **70.0** | **8.5** | **6.0** |
| **Mineral Resources** | | | |
| - Measured | 25.5 | 8.6 | 2.2 |
| - Indicated | 88.1 | 7.9 | 6.9 |
| **Total Measured & Indicated** | **113.6** | **8.1** | **9.1** |
| - Inferred | 98.3 | 7.6 | 7.4 |
| **Total Measured, Indicated & Inferred** | **211.9** | **7.8** | **16.6** |

* *Forecast Capex has been classified as a Class 3 estimate with accuracy of ±10% as defined by AACE*

*** $AUD/USD 0.70*

**Competent Person(s) Statement**

The information in this report that relates to Exploration Results and Mineral Resource Statements is based on information compiled by John de Vries, who is a member of the AusIMM. He is an employee of Black Rock Mining. John de Vries has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information that relates to Mineral Resources is based on and fairly represents information compiled by Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd) and Mr Prisin Moshi (Contracted Geologist). Mr Barnes and Mr Moshi are members of the Australian Institute of Mining and Metallurgy and have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barnes, Mr Moshi and Mr de Vries consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The Ore Reserves have been compiled by Black Rock Mining, under the direction of Mr John de Vries, who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr de Vries is a full-time employee of Black Rock Mining and holds ordinary shares and unlisted options in the Company as part of his total remuneration package. Mr de Vries has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

**Forward Looking Statements**

Various statements in this presentation constitute statements relating to intentions, future acts and events. Such statements are generally classified as “forward looking statements” and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates” and similar expressions are intended to identify forward-looking statements. Black Rock Mining cautions shareholders and prospective shareholders not to place undue reliance on these forward looking statements, which reflect the view of Black Rock Mining only as of the date of this presentation. The forward looking statements made in this presentation relate only to events as of the date on which the statements are made.

BLACK ROCK
MINING LIMITED

www.blackrockmining.com.au