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Black Rock Mining Limited
Half-year report
for the half-year ended
31 December 2022

BLACK ROCK MINING LIMITED

ABN: 59 094 551 336

CORPORATE DIRECTORY

DIRECTORS

Richard Crookes

Chairman Non-Executive

John de Vries

Chief Executive Officer, Managing Director

Ian Murray

Non-Executive Director

COMPANY SECRETARY

James Doyle

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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AUDITOR

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SHARE REGISTRY

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STOCK EXCHANGE LISTING

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

ASX CODE

BKT – ordinary shares

The directors of Black Rock Mining Limited (the **Company** or **Black Rock**) submit herewith the financial report of Black Rock and its subsidiaries (the **Group** or **Consolidated Entity**) for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

- Mr Richard Crookes
- Mr John de Vries
- Mr Ian Murray
- Mr Gabriel Chiappini (Resigned 30 September 2022)

REVIEW OF OPERATIONS

The consolidated loss after tax for the six months ended 31 December 2022 was AUD4,088,560 (31 December 2021: AUD1,720,660).

Front End Engineering Design completed

On 10 October 2022, Black Rock released the results of the Front End Engineering Design (**FEED**) work stream and enhanced Definitive Feasibility Study (**eDFS**) Update for the Mahenge Graphite Project (**Mahenge** or **Project**). The Company engaged highly experienced engineering design and construction company, CPC Engineering¹ (**CPC**) to complete the FEED for Mahenge which was designed to ensure the Project is construction ready, subject to finance.

Key deliverables of the FEED work included detailed engineering, cost estimation, schedule optimisation, development of Project Execution and Operational Readiness plans, and tenders for long lead equipment items.

The completion of FEED works enables the Company to update the Project metrics and progress the debt finance process prior to a Final Investment Decision.

Table 1 – eDFS Update: Robust Project with Attractive Returns

eDFS Update	Key Project Metrics	Expert Consensus** price forecast	Fastmarkets price forecast
Initial capex for Module 1	USDm	182	
Average C1 Cash Costs over first 10 years	USD/t	466	
Steady state production	ktpa	347	
Graphite Price Forecast for Mahenge Basket	USD/t	1,709	2,563
NPV post-tax, post 16% Govt free carry	USDm	1,376	2,837
IRR post-tax, post 16% Govt free carry	%	36	55
Payback Period (post construction)	Years	3.8	2.7

Note: Based on all 4 modules, NPV is unlevered and based on a 10% nominal discount rate. The Executive Summary of the eDFS Update is provided in the Black Rock release dated 10 October 2022. The Reserves & Resources for Mahenge did not change as a result of FEED or the eDFS Update.

* Forecast Capex has been classified as a Class 3 estimate with accuracy of $\pm 10\%$ as defined by AACE International

** Expert Consensus is the average price forecast for Benchmark Mineral Intelligence, Fastmarkets and Wood Mackenzie over the first 10 years.

¹ CPC is one of the most experienced engineering companies when it comes to building graphite mines in Africa. CPC has been working with Black Rock on Mahenge since 2018.

REVIEW OF OPERATIONS (continued)*FEED Outcomes*

The FEED works and supporting Environmental and Social Impact Assessment (ESIA) updates have been subject to an Independent Technical Expert (ITE) review as part of a project debt financing process for Mahenge.

In its report for lenders, the ITE wrote:

“No fatal flaws were identified in any of the areas of the Project with the underlying studies completed by BKT having reached a DFS level of confidence.”

Key outcomes of the FEED workstream included:

- Finalisation of Project execution strategy and key technical decisions;
- Optimised plant design;
- Technical documents required for detailed plant design;
- Confirmation of commercial graphite product types to customer specifications;
- Refined budget, scope and schedule for the Project;
- Documented Project procedures and systems; and
- Preparation and progress of tenders for key long lead procurement items.

Findings from the FEED work come against a backdrop of steady increases in the graphite price and an exceptionally strong supply-demand market outlook.

Based on the FEED work, the updated capital cost estimate for the development of the Project is USD182m, including a contingency allowance of USD22m or 13.8% (USD22m/USD160m). The updated capital cost breakdown by segment is shown in Table 2 below.

Table 2 – Updated Initial Capex for Mahenge Graphite Project

	eDFS, July 2019 USDm	eDFS Update, Sept 2022 USDm	Change %
Mining	10	11	3%
Ifakara	1	1	-7%
Process Plant	51	70	38%
Infrastructure	14	29	106%
Site Support	2	1	-29%
Indirect costs	10	6	-39%
Owners Costs	13	25	92%
Village / Resettlement	3	17	466%.
Contingency	11	22	97%
Total	116	182	58%

Note: Forecast Capex has been classified as a Class 3 estimate with accuracy of $\pm 10\%$ as defined by AACE International. Percentages based on exact figures including decimal places (not whole numbers).

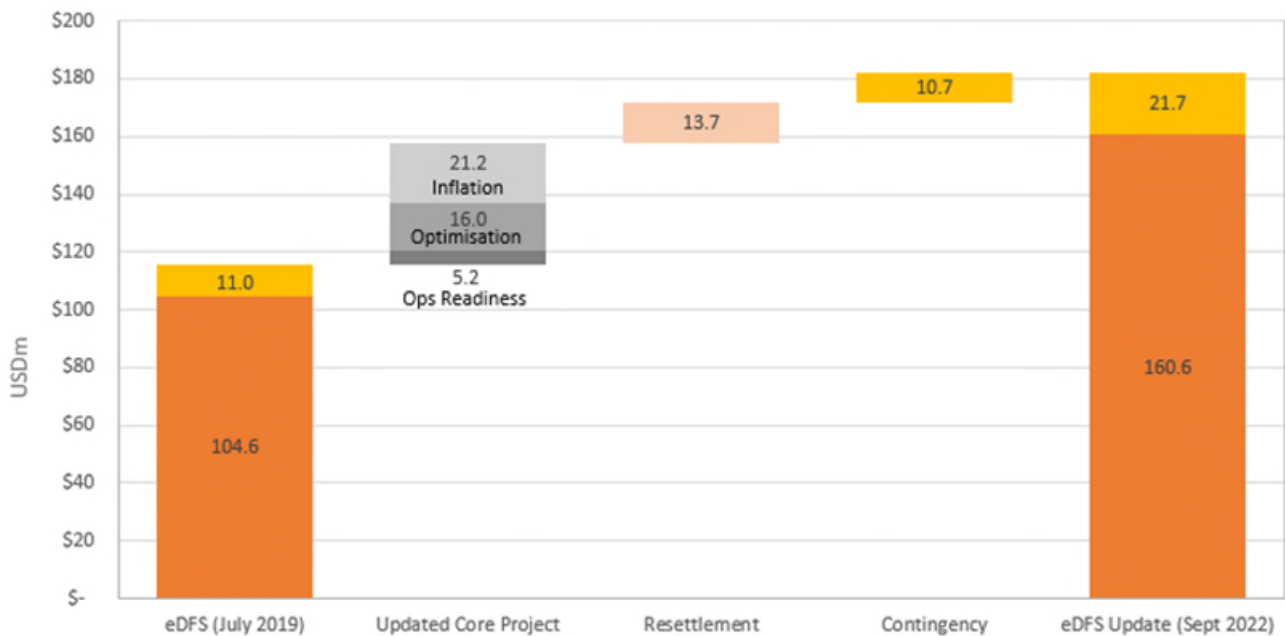
REVIEW OF OPERATIONS (continued)

The increase in capex since the eDFS in July 2019 was driven by:

- Inflation in the cost of building materials, labour, energy and other consumables (32% of the increase);
- Project optimisation and debottlenecking enhancements to improve the flowsheet and to provide additional operational flexibility to de-risk the production of high-purity graphite concentrates (24% of the increase);
- An increase in the cost of relocation and resettlement to ensure the Company adheres to the highest global standards of ESG compliance and community stakeholder engagement (21% of the increase); and
- Additional contingency added (16% of the increase).

The ESIA has been updated to reflect Project evolution and to ensure full compliance with the updated Equator Principles (EP) and the IFC Performance Standards.

Chart 1 – Change in Mahenge Initial Capex Since the eDFS in July 2019



Source: Black Rock Mining FEED Outcomes

Changes to Mahenge since the eDFS in July 2019

Black Rock released a detailed eDFS for Mahenge in July 2019 and in most respects the Project is largely unchanged since the eDFS. However, the key changes to the project since July 2019 comprise:

- A move to contract mining instead of owner operator mining;
- An increase in throughput for Module 1 to 1.15mtpa during the first ~5 years while mining oxide;
- Optimised project layout and flow sheet to incorporate lessons learned from 500t pilot plant; and
- A 20-month construction period (previously 15-18 months) reflecting current supply chain disruptions.

All other material assumptions underpinning the production target, and the forecast financial information derived from the production target set out in the Executive Summary of the eDFS Update in the Black Rock release dated 10 October 2022.

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REVIEW OF OPERATIONS (continued)**Special Mining Licence (SML) awarded for Mahenge**

During the period, the Company was pleased to announce that the SML for Mahenge, along with the exemptions granted, was reviewed and approved by Cabinet of United Republic of Tanzania (**Government of Tanzania**), which comprises the President, Vice President, President of Zanzibar, Prime Minister and all the Ministers. The SML awarded covers an area of 35km² which has been granted to Faru Graphite Corporation Limited (**Faru**), the Joint Venture (**JV**) company established to develop Mahenge. Faru is 16% owned by the Government of Tanzania and 84% owned by Black Rock via its wholly owned UK subsidiary company, Mahenge Resources Limited (UK). The SML is valid for 26 years, up from the 10 years attached to the former Mining Licence.

In addition, the existing approved Environmental Permits and Resettlement Action Plans (**RAP**) and operating permits granted to Mining Licences 611 and 612 held by Black Rock's wholly owned Tanzanian subsidiary Mahenge Resources Limited, have been grandfathered and unified under the new SML, but are currently being revised in line with the new footprint identified by the FEED study.

Black Rock has also been granted an exemption from the provisions of the Mines Act 2017 requiring SML developers to issue 5% of stock to local interests and listing of 30% of stock on the Dar es Salaam Stock Exchange.

Resettlement Activities Commenced

As announced on ASX on 25 July 2022, during the period Black Rock, via Faru, commenced initial resettlement activities for its agreed RAP at Mahenge.

Background

As part of project development activities, Black Rock, through Faru, has agreed to acquire land proximal to mining operations. This has been well communicated to all stakeholders as part of ongoing community and Environmental, Social and Governance (**ESG**) initiatives. Black Rock previously finalised field activities with Project Affected Persons (**PAPs**) associated with the Mahenge RAP (refer ASX Announcement 11 May 2020).

Black Rock's RAP program was completed in accordance with Tanzanian National Environmental Management Council guidelines and is legislated under the Environment Act of 2004, Mining Act of 2010, Land Act No.5 of 1999, Land acquisition Act of 1970 and Valuation and Valuers Registration no.7 of 2016. The process is designed to meet the IFC Performance Standards on Social and Environmental Sustainability and EP and is a typically mandated condition precedent for debt funding and Mining Licenses.

RAP Compensation

Black Rock, via Faru, has completed the first part of the compensation process with PAPs who were compensated, where appropriate, for the transition to better quality properties with vastly improved amenities. The total compensation package is USD7.9m including Top Ups required to meet IFC Performance Standard 4 and EP2 (Social Impact) and EP5 (Stakeholder Engagement) standards.

MOU Signed with TANESCO for Grid Power Supply to Mahenge

On 5 December 2022, Black Rock announced it had signed a Memorandum of Understanding (**MOU**) with TANESCO, the government-owned Tanzania power supply authority. The eDFS for Mahenge considered grid power connection to support the Company's aim for a highly differentiated and sustainable operation. An MOU was executed between Faru and TANESCO, that aims to build the infrastructure to support reliable, renewable and low-cost grid power. The parties will cooperate to develop a 67km 220kV transmission line from Ifakara to Mahenge, including an associated substation for a distribution network within Ulanga District to supply power in Mahenge town and the Ulanga District at large.

REVIEW OF OPERATIONS (continued)

One of the key differentiating features of the Project is access to low-cost grid power in Tanzania. Grid power generation in Tanzania currently is sourced from ~40% hydroelectric and ~60% natural gas with the share of hydroelectricity forecast to grow. As a result, graphite produced from Mahenge is forecast to have a very low carbon intensity compared to peers and is likely to have one of the lowest carbon footprints of any graphite project globally. Access to a clean and low-cost power source will also support project economics by delivering a sustainable and low-cost base that drives a higher margin operation.

Black Rock is exploring options to bring forward the construction of the power line to align with forecast first production from Module 1.

Key terms of the MOU include:

- Identify and conduct the relevant studies and surveys related to implementation of the Project;
- Design, finance, construction, commissioning and operation of the Project;
- Negotiate and enter into relevant project implement agreements;
- Construction of a 220kV transmission line and associated 220/33kV substations at Ifakara and Mahenge (Ndororo), with the line to start from Ifakara and extend to the Mahenge substation;
- Construction of the relevant 33kV distribution network within Ulanga District to supply power in Mahenge town and Ulanga District at large;
- Construction of the 33kV feeder distribution network to the Project site; and
- Any other activity relevant for the implementation of the Project.

Financing Activities

The Company's debt financing activities progressed well during the period and the Company has now received indicative debt terms from a number of lenders. Several lenders have undertaken confirmatory site visits to Mahenge in February 2023. The Company is aiming to have credit-approved term sheets from lenders during the June 2023 quarter and will then proceed to mandate the lead arrangers.

In parallel, after approval of the SML in September 2022 and updating the capex for Mahenge in October 2022, the Company has had strong interest from parties looking to invest directly in Mahenge and a number of groups have already signed confidentiality agreements and are undertaking due diligence.

The Company is continuing to explore a range of options to finance Mahenge with a view to securing the best value per share outcome for shareholders and is encouraged by the level of interest to date. These options include traditional debt and equity, selling offtake rights for Modules 2, 3 and 4, selling a stake at the Project level as well as several other options.

Tanzania Local Activities

On 17 November 2022, Black Rock Managing Director, John de Vries, along with Faru Chief Executive Officer, Alimiya (Ali) Osman, held stakeholder discussions and presentations in Dodoma, Tanzania, in a whole of Government Workshop Forum on the Project. The institutions present included the Ministry of Minerals, Tanzania Revenue Authority, Tanzania-Zambia Railway Authority, Tanzania Ports Authority, TANROADS, TANESCO, Ministry of Finance and several others.

REVIEW OF OPERATIONS (continued)

Corporate and Financial Position

Consolidated net assets at 31 December 2022 were AUD51,242,808 against AUD55,018,502 at 30 June 2022. Total cash held at the half-year-end was AUD10,883,925 (30 June 2022: AUD26,093,637).

Post-Balance Date Events

Other than disclosed below, since 31 December 2022, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the half-year financial statements:

- On 2 March 2023, a total of 344,657 options (AUD0.084 per option) were converted into ordinary fully paid shares.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 10 of the half-year report.

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

On behalf of the Directors



RICHARD CROOKES

Chairman

Perth, 13 March 2023

Forward Looking and Cautionary Statements

This announcement contains forward-looking statements. Wherever possible, words such as “intends”, “expects”, “scheduled”, “estimates”, “anticipates”, “believes”, and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this announcement reflect management’s current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements. Several factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully, and investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company's actual costs, results, events, prospects, and opportunities to differ materially from those expressed or implied by such forward looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated, or intended, including those risk factors discussed in the Company’s public filings. Any forward-looking statements are made as of the date of this announcement, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law.

Mineral Resources and Ore Reserves, Production Target and Forecast Financial Information

The information in this announcement that relates to estimates of Mineral Resources and Ore Reserves has been extracted from the Company’s ASX announcement released on 3 February 2022 titled “BKT Confirms 25% increase in Measured Resources”. Black Rock confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The results of the eDFS Update including the production target and forecast financial information derived from the production target are summarised in the Executive Summary of the eDFS Update released on the ASX on 10 October 2022 (Initial Public Report). The Company confirms that all material assumptions underpinning the production target and forecast financial information derived from the production target in the Initial Public Report continue to apply and have not materially changed. The Ore Reserve and Mineral Resource estimates underpinning the production target have been prepared by a Competent Person in accordance with the requirements in Appendix 5A of the JORC Code 2012. The production target has been prepared by a Competent Person in accordance with the requirements in Appendix 5A (JORC Code).

The Company confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original market announcement released on 3 February 2022 titled “BKT Confirms 25% increase in Measured Resources”.



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The Board of Directors
Black Rock Mining Limited
Level 1, 1 Walker Avenue
West Perth WA 6005

13 March 2023

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 review of the half-year financial report of Black Rock Mining Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Penelope Pink
Partner
Chartered Accountants

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

Conclusion

We have reviewed the half-year financial report of Black Rock Mining Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the interim financial report which indicates that the Group incurred net losses of \$4,088,560, and experienced net cash outflows from operating and investing activities of \$16,812,870 (31 December 2021: \$4,406,677) during the half year ended 31 December 2022. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibilities for the Half-year Financial Report

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

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

DELOITTE TOUCHE TOHMATSU

Penelope Pink
Partner
Chartered Account
Perth, 13 March 2023

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Directors' Declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the directors:



RICHARD CROOKES

Chairman

Perth, 13 March 2023

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FOR THE HALF YEAR ENDED 31 DECEMBER 2022

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

CONSOLIDATED

	31 DECEMBER 2022	31 DECEMBER 2021
NOTES	AUD	AUD
Continuing operations		
Interest income	40,966	117
Administration expenses	(210,081)	(231,607)
Employee benefit expense	(2,491,344)	(673,106)
Share based payment expense	(171,213)	(310,982)
Consulting expense	(1,551,685)	(470,618)
Depreciation and amortisation expense	(112,392)	(6,981)
Net foreign currency exchange gain	848,196	220,983
Other expenses from ordinary activities	(441,007)	(248,466)
Loss before tax	(4,088,560)	(1,720,660)
Income tax expense	-	-
LOSS FOR THE PERIOD	(4,088,560)	(1,720,660)
Other comprehensive (loss)/income, net of income tax		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(638,155)	534,970
Other comprehensive (loss)/income for the period (net of tax)	(638,155)	534,970
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(4,726,715)	(1,185,690)
Loss for the period attributable to:		
Owners of the company	(3,993,454)	(1,720,660)
Non-controlling interests	(95,106)	-
	(4,088,560)	(1,720,660)
Total comprehensive income attributable to:		
Owners of the company	(4,633,225)	(1,185,690)
Non-controlling interests	(93,490)	-
	(4,726,715)	(1,185,690)
Loss per share		
Basic and diluted loss per share (cents per share)	(0.41)	(0.20)

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

AS AT 31 DECEMBER 2022
**CONDENSED CONSOLIDATED STATEMENT
 OF FINANCIAL POSITION**

CONSOLIDATED

		31 DECEMBER 2022	30 JUNE 2022
		AUD	AUD
Assets			
Current assets			
Cash and bank balances		10,883,925	26,093,637
Other receivables		1,128,294	761,288
Other assets		236,725	234,348
Total current assets		12,248,944	27,089,273
Non-current assets			
Exploration & evaluation asset	5	41,728,616	29,748,305
Property, plant and equipment		1,321,767	595,788
Total non-current assets		43,050,383	30,344,093
Total assets		55,299,327	57,433,366
Liabilities			
Current liabilities			
Trade and other payables	6	2,492,389	1,688,230
Lease liabilities		204,043	52,085
Provisions	7	701,227	68,106
Total current liabilities		3,397,659	1,808,421
Non-current liabilities			
Lease liabilities		627,904	484,619
Provisions	7	30,956	121,824
Total current liabilities		658,860	606,443
Total liabilities		4,056,519	2,414,864
Net assets		51,242,808	55,018,502
Equity			
Issued capital	3	101,660,083	100,907,652
Foreign currency translation reserve		707,452	1,347,223
Share based payment reserve		1,191,094	1,318,908
Accumulated losses		(52,222,845)	(48,555,281)
Equity attributable to owners of the Company		51,335,784	55,018,502
Non-controlling interest	4	(92,976)	-
Total equity		51,242,808	55,018,502

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2022
**CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

Note	ISSUED CAPITAL	ACCUMULATED LOSSES	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY RESERVE	ATTRIBUTABLE TO OWNERS OF THE PARENT	NON- CONTROLLING INTEREST	TOTAL EQUITY
	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Balance as at 1 July 2021	74,940,347	(42,778,521)	1,077,067	(75,845)	33,163,048	-	33,163,048
Loss for the period	-	(1,720,660)	-	-	(1,720,660)	-	(1,720,660)
Other comprehensive income for the period, net of tax	-	-	-	534,970	534,970	-	534,970
Total comprehensive (loss)/income for the period	-	(1,720,660)	-	534,970	(1,185,690)	-	(1,185,690)
Issue of ordinary shares from options exercised	1,864,369	-	-	-	1,864,369	-	1,864,369
Cost of share based payments issued to Directors and consultants	-	-	310,982	-	310,982	-	310,982
Cost of share capital issued	(25,164)	-	-	-	(25,164)	-	(25,164)
Options expired/exercised during the period	-	257,311	(257,311)	-	-	-	-
Balance as at 31 December 2021	76,779,552	(44,241,870)	1,130,738	459,125	34,127,545	-	34,127,545
Balance as at 1 July 2022	100,907,652	(48,555,281)	1,318,908	1,347,223	55,018,502	-	55,018,502
Loss for the period	-	(3,993,454)	-	-	(3,993,454)	(95,106)	(4,088,560)
Other comprehensive (loss)/income for the period, net of tax	-	-	-	(639,771)	(639,771)	1,616	(638,155)
Total comprehensive loss for the period	-	(3,993,454)	-	(639,771)	(4,633,225)	(93,490)	(4,726,715)
Issue of ordinary shares from options exercised	760,625	-	-	-	760,625	-	760,625
Cost of share based payments issued to Directors and consultants	-	-	198,590	-	198,590	-	198,590
Issuance of 16% interest to non-controlling interest	-	(514)	-	-	(514)	514	-
Cost of share capital issued	(8,194)	-	-	-	(8,194)	-	(8,194)
Options expired/exercised during the period	-	326,404	(326,404)	-	-	-	-
Balance as at 31 December 2022	101,660,083	(52,222,845)	1,191,094	707,452	51,335,784	(92,976)	51,242,808

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2022
**CONDENSED CONSOLIDATED STATEMENT
 OF CASH FLOWS**

CONSOLIDATED

Cash flow from operating activities

Payments to suppliers and employees
 Interest received

Net cash flows used in operating activities

Cash flow from investing activities

Exploration & evaluation expenditure
 Payments for property, plant and equipment
 Proceeds on sale of property, plant and equipment
 Payments for security deposits

Net cash flows used in investing activities

Cash flows from financing activities

Proceeds from issue of shares and options
 Payment of share issue costs

Net cash flows provided by financing activities

Net decrease in cash and cash equivalents
 Cash and cash equivalents at the beginning of the financial period
 Exchange movement

Cash and cash equivalents at the end of the period

31 DECEMBER 2022	31 DECEMBER 2021
AUD	AUD
(5,076,245)	(861,458)
40,966	117
(5,035,279)	(861,341)
(11,294,014)	(3,507,751)
(484,387)	(21,492)
810	-
-	(16,093)
(11,777,591)	(3,545,336)
760,625	1,864,369
(5,663)	(25,164)
754,962	1,839,205
(16,057,908)	(2,567,472)
26,093,637	11,298,422
848,196	(224,787)
10,883,925	8,506,163

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

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1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

This half-year report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of Preparation

This condensed consolidated interim financial report have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2022 annual financial report for the financial year ended 30 June 2022. The accounting policies are consistent with Australian Accounting Standards and with IFRS Standards.

Going Concern

The interim financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

During the half year, the Group incurred a net loss after tax of AUD4,088,560 (31 December 2021: AUD1,720,660) and experienced net cash outflows from operating and investing activities of AUD16,812,870 (31 December 2021: AUD4,406,677). As at 31 December 2022 the Group had net assets of AUD51,242,808 (30 June 2022: AUD55,018,502) and net current assets of AUD8,851,285 (30 June 2022: AUD25,280,852). As at 31 December 2022, the Group had a cash balance of AUD10,883,925 (30 June 2022: AUD26,093,637).

The Directors have prepared a cash flow forecast for the period ending 31 March 2024. The forecast assumes expenditure on programmes required to advance the Mahenge Project towards a Final Investment Decision, however the cash flow forecast does not assume that development activities at Mahenge commence in the period ending 31 March 2024. Should a Final Investment Decision be made with respect to the Mahenge Project, the cash flow forecast will be updated to reflect any additional funding required for development, be this in the form of debt or equity, or a combination of both. The cash flow forecast indicates that additional funding will be required to meet the expected cash outflows in the period ending 31 March 2024. The ability of the Group to continue to progress its projects and therefore continue as a going concern is dependent on securing additional sources of funding of at least AUD7.25 million (net of costs) by way of equity or debt funding by June 2023 to support planned operations until March 2024.

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above, including the ability of the Group to secure additional funding, and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly the Group will be able to continue as a going concern and meet its obligations as and when they fall due.

Should the Directors not be successful in achieving the additional funding above, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

The interim financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

New or amended standards adopted by the Group

In the current half-year, the Group has applied the below amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are effective for the Group's annual reporting period that began on 1 July 2022.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (to the extent the editorial amendments are applicable to the current reporting period)

The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

2. SEGMENT REPORTING

Information reported to the chief operating decision maker 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.

Segment revenues and results

	GRAPHITE	CORPORATE	CONSOLIDATED
	AUD	AUD	AUD
31 December 2022			
Interest	-	40,966	40,966
Total income	-	40,966	40,966
Loss before tax	(1,186,932)	(2,901,628)	(4,088,560)
Fixed asset additions	834,628	18,211	852,839
Depreciation	(53,804)	(58,588)	(112,392)
Total segment assets	43,678,745	11,620,582	55,299,327
Total segment liabilities	(2,718,454)	(1,338,065)	(4,056,519)
31 December 2021			
Interest	-	117	117
Total income	-	117	117
Loss before tax	(435,726)	(1,284,934)	(1,720,660)
Fixed asset additions	1,147	20,345	21,492
Depreciation	4,421	2,560	6,981
Total segment assets	26,323,253	8,747,925	35,071,178
Total segment liabilities	(404,866)	(538,768)	(943,634)

3. ISSUED CAPITAL

982,644,034 ordinary shares issued and fully paid (30 June 2022: 977,255,646)

Fully paid ordinary shares

Balance at 1 July 2022

Shares issued upon exercise of options – (AUD0.15 per share)

Shares issued upon exercise of options – (AUD0.084 per share)

Less: Capital raising costs

Balance at 31 December 2022

Balance at 1 July 2021

Shares issued upon exercise of options - (AUD0.10 cents per share)

Option exercise funds received in 30 June 2021 period, shares issued post 30 June 2021 (AUD0.084 per option)

Shares issued upon exercise of options (AUD0.084 per option)

Option exercise funds received in 31 December 2021 period, shares issued post 31 December 2021 (AUD0.084 per option)

Less: Capital raising costs

Balance at 31 December 2021

Options

As at 31 December 2022, there were 53,605,557 unlisted options (30 June 2022: 63,898,153).

UNLISTED OPTIONS

	OPENING BALANCE	EXERCISED IN PERIOD	GRANTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE
	No.	No.	No.	No.	No.
Expiring 28 October 2022 at AUD0.15	7,600,000	(4,666,666)	-	(2,933,334)	-
Expiring 18 November 2022 at AUD0.15	3,000,000	-	-	(3,000,000)	-
Expiring 10 August 2023 at AUD0.084	30,298,153	(721,722)	-	-	29,576,431
Expiring 4 November 2023 at AUD0.0785	5,000,000	-	-	(2,000,000) ⁱ	3,000,000
Expiring 21 December 2023 at AUD0.116	11,000,000	-	-	-	11,000,000
Expiring 24 January 2024 at AUD0.116	1,000,000	-	-	-	1,000,000
Expiring 1 June 2024 at AUD0.20	1,500,000	-	-	-	1,500,000
Expiring 1 July 2024 at AUD0.224	1,500,000	-	-	-	1,500,000
Expiring 25 October 2024 at AUD0.29	3,000,000	-	-	-	3,000,000
Expiring 26 April 2025 at AUD0.00	-	-	1,500,000	-	1,500,000
Expiring 30 June 2025 at AUD0.00	-	-	509,709	-	509,709
Expiring 30 June 2026 at AUD0.00	-	-	509,709	-	509,709
Expiring 30 June 2027 at AUD0.00	-	-	509,708	-	509,708
	63,898,153	(5,388,388)	3,029,126	(7,933,334)	53,605,557

(i) These options were forfeited during the year.

CONSOLIDATED

31 DECEMBER 2022	30 JUNE 2022
AUD	AUD
101,660,083	100,907,652

NUMBER OF SHARES	SHARE CAPITAL AUD
977,255,646	100,907,652
4,666,666	700,000
721,722	60,625
-	(8,194)
982,644,034	101,660,083
849,264,173	74,940,347
17,000,000	1,700,000
468,029	-
1,913,357	160,722
-	3,647
-	(25,164)
868,645,559	76,779,552

3. ISSUED CAPITAL (continued)

Performance Rights

As at 31 December 2022, there were 8,663,154 unlisted performance rights (30 June 2022: NIL).

UNLISTED PERFORMANCE RIGHTS	OPENING BALANCE	EXERCISED IN PERIOD	GRANTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE
	No.	No.	No.	No.	No.
Expiring 30 November 2027	-	-	8,663,154	-	8,663,154

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 4.9 years (30 June 2022: nil). Performance rights have nil exercise price.

Employee Securities Incentive Plan

The Group has provided benefits to employees of the Company in the form of performance rights under the Company's Employee Securities Incentive Plan as approved at the annual general meeting on 28 November 2022, constituting a share-based payment transaction.

During the period, 8,663,154 performance rights with a nil exercise price and expiry of 5 years were granted. The average fair value of the performance rights granted during the period is AUD0.148. No performance rights were granted in the year ending 30 June 2022.

Performance rights granted carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share of the Company with full dividend and voting rights.

4. NON-CONTROLLING INTEREST

The Group incorporated Faru, a new Tanzanian company in which Black Rock's subsidiary, Mahenge Resources Limited (UK), holds an 84% interest and the Government of Tanzania holds a 16% free carried interest. The Framework and Shareholders Agreements were signed on 14 December 2021. Faru was incorporated to receive the SML for Mahenge which was issued on 5 September 2022. The Framework and Shareholders Agreements between Mahenge Resources Limited (UK) and the Government of Tanzania specify the key rights and obligations of the parties, as shareholders of Faru, with respect to the development and management of the Project. 16% of the fair value of the Faru shares at the date of grant of the SML, has been attributed to the Government of Tanzania and recorded as a non-controlling interest.

	31 DECEMBER 2022	30 JUNE 2022
	AUD	AUD
Balance at beginning of the period	-	-
Issuance of 16% interest to non-controlling interest ⁽ⁱ⁾	514	-
Loss for the period attributable to non-controlling interest	(95,106)	-
Other comprehensive income for the period attributable to non-controlling interest	1,616	-
Balance at end of period	(92,976)	-

(i) Being the NCI of AUD596 net of a non-controlling interest reserve attributable to the owners of the parent of AUD82.

5. EXPLORATION AND EVALUATION ASSET

	31 DECEMBER 2022	30 JUNE 2022
	AUD	AUD
Balance at beginning of the period	29,748,305	22,164,704
Expenditure incurred during the period (at cost)	11,980,445	7,460,495
Expenditure written off during the period	-	(687,243)
Foreign exchange difference	(134)	810,349
Balance at end of period	41,728,616	29,748,305

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

The balance of AUD41,728,616 (30 June 2022: AUD29,748,305) represents the carrying value of the Groups Mahenge Graphite Project located in Tanzania.

6. TRADE AND OTHER PAYABLES

	31 DECEMBER 2022	30 JUNE 2022
	AUD	AUD
Trade creditors	1,851,542	1,182,351
Accruals	312,456	399,182
Other liabilities	328,391	106,697
	2,492,389	1,688,230

Included in trade creditors and accruals is an amount of AUD1,586,013 (30 June 2022: AUD111,740) relating to exploration expenditure.

7. PROVISIONS

	31 DECEMBER 2022	30 JUNE 2022
	AUD	AUD
Current		
Employee entitlements	213,796	68,106
Provision for Pay As You Earn ⁽ⁱ⁾	418,149	-
Provision – General ⁽ⁱⁱ⁾	69,282	-
	701,227	68,106

(i) During the period, on 19 September 2022, the Group received a notice from Tanzania Revenue Authority (**TRA**) with respect to audit findings on employment taxes for the years of income 2018 to 2022. The TRA issued five Pay As You Earn assessments totaling AUD513,166 as a result of the tax audit. In order to admit an objection to the TRA, payment of a lesser amount of AUD95,017 was required to be paid. The Group is in the process of preparing an appeal to the Tax Revenue Appeals Board to review this matter and therefore uncertainty remains as to the probability, timing and amount of any future outflow of resources.

(ii) During the period, on 9 August 2022, the Company, and one of its subsidiaries, Mahenge Resources Limited (incorporated in Tanzania), received a form of referral of an employment dispute to the Commission for Mediation and Arbitration (the **Commission**) in Tanzania from a former Tanzanian based consultant (the **Consultant**). Subsequently, the Company made a settlement offer amounting to the equivalent of three months consultancy fees totaling AUD69,282. This offer was rejected by the Consultant and the matter is currently at the arbitration stage before the Commission. The Company considers that the offer level remains the best estimate of any outflow of resources in relation to this matter, but uncertainty remains as to the probability, timing and amount of any payments.

7. PROVISIONS (continued)

Non-current

Employee entitlements

31 DECEMBER 2022	30 JUNE 2022
AUD	AUD
30,956	121,824
30,956	121,824

8. 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 30 June 2022.

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

Financial assets

Cash and cash equivalents
 Other receivables

Total financial assets

Financial liabilities

Trade and other payables
 Lease liabilities

Total financial liabilities

Net financial instruments

31 DECEMBER 2022	30 JUNE 2022
AUD	AUD
10,883,925	26,093,637
1,128,294	761,288
12,012,219	26,854,925
(2,492,389)	(1,688,230)
(204,043)	(52,085)
(2,696,432)	(1,740,315)
9,315,787	25,114,610

9. EXPENDITURE COMMITMENTS

a. Exploration

The Group has certain commitments relating to the licence conditions with the Tanzanian Energy and Minerals Department. Outstanding exploration commitments are as follows:

Within one year
 Within one to five years
 After five years⁽ⁱ⁾

31 DECEMBER 2022	30 JUNE 2022
AUD	AUD
302,252	301,881
1,072,613	1,083,451
5,307,426	5,328,533
6,682,291	6,713,865

(i) Relates to the Special Mining Licence granted for a period of 26 years.

9. EXPENDITURE COMMITMENTS (continued)

a. Exploration (continued)

As part of the original conditions to acquire the exploration licenses there were minimum exploration expenditure commitments. These had all been met by 31 December 2022. As part of the contract to acquire the graphite exploration licenses, under certain milestone conditions the Company will be obliged to make additional payments. These payments are subject to the following conditions:

PL 10427/2014

- AUD250,000 cash or equivalent number of fully paid Black Rock shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 250,000 tonnes of contained graphite at >9% total graphite content is announced. Issue price of shares to be calculated based on the preceding seven (7) day VWAP; and
- AUD375,000 cash and the equivalent value (AUD375,000) in Black Rock 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 the Mahenge Graphite is announced by Black Rock on the Australian Stock Exchange. The issue price of Black Rock shares is to be calculated based on the VWAP of Black Rock shares in the five (5) days prior to the release of the announcement.
- The required targets have not been met and hence no liability has been recognised.

Exploration Programme

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

b. Capital commitments

As at 31 December 2022, the Group has capital commitments of AUD3,634,896 for the Resettlement Action Plan (30 June 2022: AUD11,543,397).

	31 DECEMBER 2022	30 JUNE 2022
	AUD	AUD
Within one year	3,634,896	9,218,563
Within one to five years	-	2,324,834
After five years	-	-
	3,634,896	11,543,397

c. Contractual commitments

As at 31 December 2022, the Group had contractual expenditure commitments of AUD1,644,230 (30 June 2022: AUD1,277,429).

10. SUBSEQUENT EVENTS

Other than disclosed below, since 31 December 2022, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the half-year financial statements:

- On 2 March 2023, a total of 344,657 options (AUD0.084 per option) were converted into ordinary fully paid shares.

11. CONTINGENT LIABILITIES

During the period, on 11 October 2022, the Company issued a notice of demand for compensation for breach of the Consultant Services Agreement (the **Agreement**) between the Company and the Consultant² who was party to this Agreement. The breach of the Agreement relates to a conflict of interest, the failure to disclose said conflict and divulging intellectual property and confidential information of the Company. Subsequent to this, on 24 October 2022, the Group received a pre-litigation letter for defamation from the Consultant demanding compensation. The Consultant has not filed any court case in relation to this matter. The Board and Management, based on advice received from legal advisors, are of the opinion that the Consultant's case has no reasonable prospect of success. Accordingly, no adjustment has been made to the financial report with respect to this matter.

Other than reported above, there has been no change in contingent liabilities or contingent assets since the last annual reporting date.

² Due to privacy the Consultant has not been named.