BLACK ROCK
MINING LIMITED

HALF YEAR REPORT

OR THE HALF-YEAR ENDED 31 DECEMBER 2016

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CORPORATE DIRECTORY

Black Rock Mining Limited
ABN: 59 094 551 336

Directors

Stephen Copulos
Chairman Non- Executive

Steven Tambanis
Managing Director

Gabriel Chiappini
Non-Executive Director

Company Secretary

Gabriel Chiappini

Principal Place of business and Registered Office

Level 1, 35 Havelock Street,
West Perth Western Australia, 6005

PO Box 692, West Perth WA 6005

Telephone: (+61 8) 9320 7550
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Website:www.blackrockmining.com.au

Auditor

Deloitte Touche Tohmatsu

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

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Share Registry

Computershare Investor Services Pty Ltd

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

Telephone: 1300 787 272
Facsimile: (08) 9323 2033
Email: web.queries@computershare.com.au

Stock Exchange Listing

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

ASX Codes

BKT - ordinary shares

BKTOC - listed options

BKTOD - listed options

DIRECTORS' REPORT

The directors of Black Rock Mining Limited submit herewith the financial report of Black Rock Mining Limited and its subsidiaries (the Group) for the half-year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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

Name

Mr Stephen Copulos

Mr Steven Tambanis

Mr Gabriel Chiappini

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

REVIEW OF OPERATIONS

During the half year period ending 31 December 2016 the Company continued with its exploration programme at Mahenge Tanzania with the company announcing in October 2016 that the Ulanzi infill drill programme delivered a 24% Mineral Resource increase to 162.5Mt @7.8% TGC with a high grade core of 38.7Mt @ 9.9% TGC. Following this upgrade, the company announced an upgrade to its Cascades Mineral Resource Estimate of 52.8Mt @ 8.3% TGC including a high-grade portion of 14Mt @ 12.1% TGC.

Together with its exploration programme the company continued to invest in its product development programme and was able to deliver successful spherical graphite manufacture, battery cell testing, concentrate purification and evaluation of Mahenge concentrates into existing natural flake graphite markets. Ultra high thermal purification results up to 99.9999% TGC for graphite concentrate. Pre feasibility study continues to mature and have been aligned and matched to the mineral resource upgrades with the company expecting to deliver its pre feasibility study in April 2017. Spherical graphite Scoping Study is underway and expected to demonstrate significant downstream processing margin opportunities.

Corporate

As announced on 14 September 2016, the Company successfully raised AUD$5m by way of the issue of 33,333,333 shares at $0.15 per share. The additional funding has been deployed to upgrade the company's JORC resource, Cascades drilling programme, pre feasibility study and product development. The company also successfully finalised the divestment of its Ocean Hill Oil & gas permit to Eneabba Gas Limited.

The auditor's independence declaration is included on page 03 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

Steven Tambanis
MANAGING DIRECTOR

Perth, 15 March 2017

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Black Rock Mining Limited
Level 1, 35 Havelock Street,
West Perth Western Australia, 6005

15 March 2017

Dear Board Members

Black Rock Mining Limited

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

As lead audit partner for the review of the financial statements of Black Rock Mining Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

We have reviewed the accompanying half-year financial report of Black Rock Mining Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or 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, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 18.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Black Rock Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Deloitte.

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.

Auditor's Independence Declaration

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net losses of $226,867 (31 December 2015: $458,146) and experienced net cash outflows from operating activities of $553,675 (31 December 2015: $507,509) and cash outflows from exploration and evaluation expenditure of $3,345,061 (31 December 2015: $2,370,769) for the period ended 31 December 2016. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 15 March 2017

DIRECTORS' DECLARATION

The directors declare that:

a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the directors:

Stephen Copulos

Stephen Copulos
NON-EXECUTIVE CHAIRMAN

Perth, 15 March 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	NOTE	31 DECEMBER 2016 $	31 DECEMBER 2015 $
Continuing operations			
Interest income		**3,519**	3,278
Administration expenses		**(227,908)**	(111,571)
Employee benefit expense		**(114,734)**	(83,000)
Consulting expense		**(257,440)**	(247,975)
Depreciation and amortisation expense		**(1,009)**	-
Net foreign currency exchanges gains		**141,645**	79,188
Other expenses from ordinary activities		**(116,435)**	(33,516)
Deferred exploration written off		**-**	(253,899)
Impairment of financial assets	11	**(910,047)**	-
Loss before tax		**(1,482,409)**	(647,495)
Income tax benefit		**-**	-
Loss for the period from continuing operations		**(1,482,409)**	(647,495)
Discontinued operations			
Profit for the period from discontinued operations	10	**1,255,542**	189,349
PROFIT/(LOSS) FOR THE PERIOD		**(226,867)**	(458,146)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**242,194**	(43,563)
Income tax on other comprehensive income		**-**	-
Other comprehensive income for the period (net of tax)		**242,194**	(43,563)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED		**15,327**	(501,709)
Profit/(Loss) for the period attributable to owners of the Company		**(226,867)**	(458,146)
Total comprehensive income attributable to the owners of the Company		**15,327**	(501,709)
Earnings/(Loss) per share			
From continuing and discontinuing operations			
Basic and diluted loss per share (cents per share)		**(0.07)**	(0.21)
From continuing operations			
Basic and diluted loss per share (cents per share)		**(0.48)**	(0.30)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	NOTE	31 DECEMBER 2016 $	30 JUNE 2016 $
Assets			
Current assets			
Cash and bank balances		**3,681,901**	2,359,185
Trade and other receivables		**27,290**	24,628
		3,709,191	2,383,813
Assets classified as held for sale	5	**-**	428,462
Total current assets		**3,709,191**	2,812,275
Non-current assets			
Exploration & evaluation asset	4	**11,837,570**	7,639,211
Property, plant and equipment		**16,762**	3,887
Other financial assets	11	**598,166**	105,300
Total non-current assets		**12,452,498**	7,748,398
Total assets		**16,161,689**	10,560,673
Liabilities			
Current liabilities			
Trade and other payables	6	**1,066,393**	485,043
Provisions		**46,987**	28,861
Total current liabilities		**1,113,380**	513,904
Total liabilities		**1,113,380**	513,904
Net assets		**15,048,309**	10,046,769
Equity			
Issued capital	3	**45,327,273**	40,253,116
Reserves		**2,120,754**	1,966,504
Accumulated losses		**(32,399,718)**	(32,172,851)
Total equity		**15,048,309**	10,046,769

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	FOREIGN CURRENCY RESERVE $	**TOTAL EQUITY** **$**
Balance as at 1 July 2015	36,274,617	(30,846,306)	871,015	(58,657)	**6,240,669**
Loss for the period	-	(458,146)	-	-	**(458,146)**
Other comprehensive income for the period, net of tax	-	-	-	(43,563)	**(43,563)**
Total comprehensive income for the period	-	(458,146)	-	(43,563)	**(501,709)**
Issue of ordinary shares	4,426,499	-	-	-	**4,426,499**
Reallocation to option reserve of free attaching options	(1,022,604)	-	1,022,604	-	**-**
Cost of share capital issued	(292,927)	-	-	-	**(292,927)**
Options expired during the period	-	17,100	(17,100)	-	**-**
Cost of share based payments	-	-	62,213	-	**62,213**
Balance at 31 December 2015	39,385,585	(31,287,352)	1,938,732	(102,220)	**9,934,745**
Balance as at 1 July 2016	40,253,116	(32,172,851)	2,125,784	(159,280)	**10,046,769**
Loss for the period	-	(226,867)	-	-	**(226,867)**
Other comprehensive income for the period, net of tax	-	-	-	242,194	**242,194**
Total comprehensive income for the period	-	(226,867)	-	242,194	**15,327**
Issue of ordinary shares	5,186,500	-	-	-	**5,186,500**
Options exercised	66,503	-	(66,503)	-	**-**
Cost of share capital issued	(329,713)	-	-	-	**(329,713)**
Issue of shares following vesting of performance rights	150,867	-	(150,867)	-	**-**
Cost of share based payments	-	-	129,426	-	**129,426**
Balance as at 31 December 2016	45,327,273	(32,399,718)	2,037,840	82,914	**15,048,309**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	NOTE	31 DECEMBER 2016 $	31 DECEMBER 2015 $
Cash flow from operating activities			
Payments to suppliers and employees		**(553,675)**	(507,509)
Net cash flows used in operating activities		**(553,675)**	(507,509)
Cash flow from investing activities			
Exploration expenditure		**(3,345,061)**	(2,370,769)
Interest received		**3,519**	3,278
Payments for property, plant and equipment		**(13,884)**	-
Proceeds on sale of investment		**305,300**	238,450
Net cash flows used in investing activities		**(3,050,126)**	(2,129,041)
Cash flows from financing activities			
Proceeds from issue of shares and options		**5,146,500**	4,232,499
Payment of share issue costs		**(285,117)**	(49,216)
Net cash flows provided by financing activities		**4,861,383**	4,183,283
Net increase in cash held		**1,257,582**	1,546,733
Cash at the beginning of the financial period		**2,359,185**	2,489,586
Exchange movement		**65,134**	75,980
Cash and cash equivalents at the end of the period		**3,681,901**	4,112,299

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted in the Company's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

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

The consolidated entity has incurred net losses of $226,867 (31 December 2015: $458,146) and experienced net cash outflows from operating activities of $553,675 (31 December 2015: $507,509) and cash outflows from exploration and evaluation expenditure of $3,345,061 (31 December 2015: $2,370,769) for the period ended 31 December 2016.

During the financial period the consolidated entity deployed its working capital into its graphite prospects in Mahenge, Tanzania. The Company has stated that its FY17 strategic objectives are the delivery of an increased and upgraded JORC resource, release of its pre-feasibility study, the securing of offtake supply agreements and the delivery of a definitive feasibility study. The Directors have prepared a cash flow forecast modelling the Company's key objectives, which indicates the consolidated entity needs to raise additional capital to invest in the Company's stated strategic objectives.

In March 2017, 4,323,026 listed options exercisable at $0.05 expiring 25 March 2017 were exercised into ordinary shares raising approximately $216,000 for the consolidated entity. The directors are confident that majority of the outstanding options due to expire on 25 March 2017 will be exercised before its expiry date, raising a further $1,770,000.

The cash flow forecast for the period ending 31 March 2018 indicates that the consolidated entity is requires to raise additional capital through equity raisings in the near future in a range of $2,800,000 to $4,740,000 in order to continue its planned exploration and evaluation programme on its graphite prospects in Tanzania and to fund working capital.

Based on the company's history of raising capital and subject to the general market conditions, the Directors are confident of the company's ability to raise additional capital as required. Based on this and on the cash flow forecasts, the Directors believe that the going concern basis of preparation is appropriate.

Should the consolidated entity be unable to achieve the matters set out above, or otherwise reduce its operational spending in line with available cash resources, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities as and when they fall due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- *AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation – Equity Method in Separate Financial Statements*
- *AASB 2014-9 Amendments to Australian Accounting Standards*
- *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 – 2014 Cycle*
- *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

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

2 SEGMENT REPORTING

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance is specifically focused on the geographical location of resources being explored and evaluated for. The principal categories of geographical location for the Group is Graphite in Tanzania. Its geothermal and hydrocarbon activities in Hungary and Australia continue to be discontinued operations.

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

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

	AUSTRALIA CORPORATE	TANZANIA GRAPHITE	FROM DISCONTINUING OPERATIONS	CONSOLIDATED
For the six months ended 31 December 2016				
Segment revenue	**3,519**	**-**	**-**	**3,519**
Segment results	**(1,438,602)**	**(43,807)**	**1,255,542**	**(226,867)**
Segment assets	**7,548,817**	**8,610,735**	**2,137**	**16,161,689**
For the six months ended 31 December 2015				
Segment revenue	3,278	-	-	3,278
Segment result	(363,017)	(284,478)	189,349	(458,146)
For the year ended 30 June 2016				
Segment assets	2,386,140	7,641,555	532,978	10,560,673

3 ISSUES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

	31 DECEMBER 2016 $	30 JUNE 2016 $
325,059,701 ordinary shares issued and fully paid (30 June 2016: 285,404,703)	**45,327,273**	40,253,116
	45,327,273	40,253,116

3.1 Fully paid ordinary shares

	NUMBER OF SHARES	SHARE CAPITAL $
Balance at 1 July 2016	285,404,703	40,253,116
Shares issued 1 August 2016 (0.16 cents per share)	250,000	40,000
Shares issued 1 August 2016 (0.0396 cents per share) (i)	1,666,667	66,000
Shares issued 1 August 2016 (0.038 cents per share) (i)	2,233,333	84,867
Shares issued 5 August 2016 (0.075 cents per share)	833,332	62,500
Shares issued 5 August 2016 (0.05 cents per share)	30,000	1,500
Shares issued 17 August 2016 (0.05 cents per share)	300,000	15,000
Shares issued 23 August 2016 (0.075 cents per share)	33,333	2,500
Shares issued 13 September 2016 (0.075 cents per share)	500,000	37,500
Shares issued 21 September 2016 (0.15 cents per share)	31,833,333	4,775,000
Shares issued 17 November 2016 (0.075 cents per share)	150,000	9,000
Shares issued 17 November 2016 (0.05 cents per share)	100,000	5,000
Shares issued 17 November 2016 (0.06 cents per share)	150,000	9,000
Shares issued 28 November 2016 (0.06 cents per share)	75,000	4,500
Shares issued 19 December 2016 (0.15 cents per share)	1,500,000	225,000
Transfer to option premium reserve	-	66,503
Less: capital raising costs	-	(329,713)
	325,059,701	45,327,273

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

The following shares are subject to escrow for the periods as follows:

Securities	**Restriction Period**
1,211,598 Ordinary Fully Paid Shares	26 March 2017
1,116,667 Ordinary Fully Paid Shares	31 March 2017

3 ISSUES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES (CONTINUED)

3.2 Options

As at 31 December 2016, there were 3,300,003 unlisted options (30 June 2016: 3,675,003) and 73,681,655 listed unissued options (30 June 2016: 75,478,320).

	OPENING BALANCE	EXERCISED IN PERIOD	GRANTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE
Listed Options					
Expiring 25 March 2017 at $0.05	40,145,000	(430,000)	-	-	39,715,000
Expiring 30 November 2018 at $0.075	35,333,320	(1,366,665)	-	-	33,966,655
	75,478,320	(1,796,665)	-	-	73,681,655
Unlisted options					
Expiring 28 November 2016 at $0.06	375,000	(375,000)	-	-	-
Expiring 19 January 2018 at $0.20	3,300,003	-	-	-	3,300,003
	3,675,003	(375,000)	-	-	3,300,003

3.3 Performance Rights

	OPENING BALANCE	EXERCISED IN PERIOD	GRANTED IN PERIOD	EXPIRED IN PERIOD	CLOSING BALANCE
Performance Rights					
Granted 19 February 2015	2,233,333	(2,233,333)	-	-	-
Granted 30 November 2015	1,666,667	(1,666,667)	-	-	-
Granted 30 November 2016	-	-	6,000,000	-	6,000,000
	3,900,000	(3,900,000)	6,000,000	-	6,000,000

3.3.1 *Performance Rights granted 30 November 2016*

The aggregate number of performance rights issued during the reporting period ending 31 December 2016 and held directly, indirectly or beneficially by specified Directors and other Key Management Personnel of the Company or their personally related entities are as follows:

Directors or KMP	NUMBER OF PERFORMANCE RIGHTS	VALUE OF PERFORMANCE RIGHTS – TRANCHE A & B	VALUE OF PERFORMANCE RIGHTS – TRANCHE C	TRANCHE A PERFORMANCE RIGHTS	TRANCHE B PERFORMANCE RIGHTS	TRANCHE C PERFORMANCE RIGHTS
Stephen Copulos	1,800,000	$162,000	$64,800	600,000	600,000	600,000
Steven Tambanis	2,400,000	$216,000	$86,400	800,000	800,000	800,000
Gabriel Chiappini	1,800,000	$162,000	$64,800	600,000	600,000	600,000

Performance Right	**Grant Date**	**Expiry Date**	**Fair Value at Grant Date**
Tranche A	30 November 2016	31 December 2018	$0.135
Tranche B	30 November 2016	31 December 2018	$0.135
Tranche C	30 November 2016	31 December 2018	$0.108

The Performance Rights will vest upon satisfaction of the following milestones:

(i) Tranche A: The Company signing a binding offtake agreement or aggregate binding offtake agreements totalling 50% or more of the current targeted production as outlined in the Company's scoping study, as announced on 22 March 2016, on or before 31 December 2016;

(ii) Tranche B: The delivery of a positive definitive feasibility study by the Company on its Mahenge project in Tanzania that matches or exceeds the economic model as disclosed in the scoping study released on 22 March 2016; and

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

4 EXPLORATION AND EVALUATION ASSET

	31 DECEMBER 2016 $	30 JUNE 2016 $
Balance at beginning of the period	**7,639,211**	3,404,600
Expenditure incurred during the period (at cost)	**3,880,485**	4,509,427
Exploration and evaluation expenditure written off	**-**	(274,816)
Foreign exchange difference	**317,874**	-
Balance at end of period	**11,837,570**	7,639,211

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 $11,837,570 (2016: $7,639,211) at reporting date represents the carrying value of the Group's Graphite assets in Tanzania.

5 ASSETS CLASSIFIED AS HELD FOR SALE

	31 DECEMBER 2016 $	30 JUNE 2016 $
Ocean Hill Hydrocarbon	**-**	428,462
	-	428,462

On 26 August 2016, the Company announced that the divestment of the Ocean Hill permit to Eneabba Gas Limited ("Eneabba Gas") was completed. The contracted consideration from the sale consists of a combination of cash shares in Eneabba Gas and payment of costs on behalf of the Company. The breakdown of the consideration amount is as follows:

- Upfront payment of $30,000 on signing of the binding agreement (received during the year ended 2015);
- Cash payment of $200,000 (reduced from the previously agreed amount of $300,000); and
- 40,000,000 Eneabba Gas Ordinary Shares.

The Agreement is subject to the following conditions precedent and at reporting date all of the conditions had been satisfied following the extension that was granted to October 2016:

- Execution of the Amangu Native Title Claimants of the Amangu Native Title Agreement to the satisfaction of Eneabba Gas (completed in November 2015);
- All conditions required by the Department of Minerals and Petroleum being met to enable the grant of the Permit (completed in May 2016); and
- Obtaining any consent or approval (including any consent or approval under the Act) required to transfer the Permit from the Vendor to Eneabba Gas or its newly incorporated subsidiary, Ocean Hill Pty Ltd (completed in August 2016).

On 26 August 2016, the sale of the Ocean Hill Permit was completed and funds of $200,000 together with 40 million ordinary shares in Eneabba Gas were received on 31 August 2016. Eneabba Gas satisfied the one remaining condition precedent for the sale of its Perth Basin Permits, which includes the Ocean Hill Permit to UIL Energy Limited during September 2016. As a result, the Company received 7,309,504 fully paid ordinary shares and 4,651,515 Class B Convertible Redeemable Preference Shares ("CRPS") in UIL Energy Limited on 20 September 2016. These CRPS are convertible to ordinary shares in UIL Energy on the event of successful results from drilling Ocean Hill #2 well. Success is defined to include testing a flow of natural gas at commercial rates and sufficient long term gas flow rates to support development of a gas operation. The Company can also redeem these shares at face value of $0.000001 per CRPS if the performance milestone for conversion is not satisfied by 31 December 2019. The 7,309,504 fully paid ordinary shares are held in voluntary escrow for a period of 6 months from issue.

On completion of the sale, the Company has recognised a profit on disposal of $1,268,236.

6 TRADE AND OTHER PAYABLES

	31 DECEMBER 2016 $	30 JUNE 2016 $
Trade creditors	**916,020**	202,709
Accruals	**150,373**	281,334
Other liabilities	**-**	1,000
	1,066,393	485,043

Included in trade creditors and accruals is an amount of $960,443 (2016: $233,175) relating to exploration expenditure.

7 KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

8 FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	31 DECEMBER 2016 $	30 JUNE 2016 $
Financial assets		
Cash and cash equivalents	**3,681,901**	2,359,185
Trade and other receivables	**27,290**	24,627
Other financial assets	**598,166**	105,300
Financial liabilities		
Trade and other payables (at amortised cost)	**1,066,393**	485,043

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

9 EXPENDITURE COMMITMENTS

a. *Exploration*

As part of the Company's license conditions with the Tanzanian Energy and Minerals Department, the Company is obliged to pay USD$100 per square kilometer to maintain the license in good standing.

The license costs per annum are as follows:

Project Name	LICENSE TYPE	LICENSE NUMBER	AREA KM²	RATE PER KM²	TOTAL
Mahenge North Project	Graphite	PL 7802/2012	144.10	USD$100	USD$14,410
Makonde Project	Graphite	PL 10111/2014	24.83	USD$100	USD$2,483
Mahenge East Project	Graphite	PL 10426/2014	154.96	USD$100	USD$15,496
Mahenge Southwest Project	Graphite	PL 10427/2014	208.67	USD$100	USD$20,867

As part of the contract to acquire the graphite exploration licences, under certain milestone conditions the Company will be obliged to make additional payments. These payments are subject to the following conditions:

Exploration licence PL 10111/2014 and PL 10427/2014

- $250,000 cash or equivalent number of fully paid Black Rock Mining shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 250,000 tonnes of contained graphite at >9% TGC is announced. Issue price of shares to be calculated based on the preceding seven (7) day VWAP; and
- $375,000 cash and the equivalent value ($375,000) in Black Rock Mining shares to be paid when a JORC compliant resource with greater than 1,000,000 tonnes of contained graphite at >9% total graphite content at any of the projects is announced by Black Rock Mining on the ASX. The issue price of BKT shares is to be calculated based on the VWAP of Black Rock Mining shares in the 5 days prior to the release of the announcement.

b. *Capital Commitments*

The Group has no capital commitments (30 June 2016: Nil).

c. *Operating Lease Commitments*

As at 31 December 2016 and at the date of this report, there are no operating lease commitments (30 June 2016: Nil).

10 DISCONTINUED OPERATIONS

10.1 Disposal of oil and gas permit

On 22 October 2014, the Group announced that it had entered into an binding agreement to divest its Ocean Hill Hydrocarbon asset (refer to Note 5 for further details). The final condition precedent on the sale of the Ocean Hill Permit to Eneabba Gas was completed during the current reporting period and the sale was finalised during August 2016. The disposal represents the final oil and gas asset held by the Company. The Company recognised a profit on sale of the Ocean Hill asset of $1,268,236.

10.2 Disposal of the geothermal business

On 4 December 2015, the Company announced that it had completed the sale of its share of the geothermal assets held in Central European Energy Private Company Limited ("CEGE") for HUF 50,000,000. The Company recognised a profit on sale of the CEGE asset of $238,450 during the prior reporting period.

10.3 Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations (i.e. hydrocarbon and geothermal) included in the statement of profit or loss for the half year are set out below. The comparative profit from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

Profit for the period from discontinued operations

	31 DECEMBER 2016 $	31 DECEMBER 2015 $
Profit on disposal of assets	**1,268,236**	-
Administration expenses	**(11,864)**	(2,837)
Consulting expense	**-**	(43,056)
Gain on disposal of interest in former associate	**-**	238,450
Net foreign currency exchange losses	**(830)**	(3,208)
Profit / (loss) for the period from discontinuing operations	**1,255,542**	189,349

11. OTHER FINANCIAL ASSETS

	31 DECEMBER 2016 $	31 DECEMBER 2015 $
Term deposit	**-**	105,300
Available for sale financial assets	**598,166**	-
	598,166	105,300

During the period, the Group received investments in two entities (as detailed in Note 5) with a fair value of $1,508,213. At 31 December 2016, these financial assets have been fair valued and assessed for impairment and an impairment loss of $910,047 has been recognised in the Statement of Profit or Loss.

12 SUBSEQUENT EVENTS

On 3 February 2017 the Company announced a issue of unlisted options totalling 5,000,000 and 1,000,000 performance rights. The 5,000,000 unlisted options were issued under a consultant incentive plan for an strategic advisor to the Company in lieu of cash payments. The 1,000,000 performance rights were issued to a marketing consultant to the Company as part of an incentive equity plan.

In March 2017, 4,323,026 listed options exercisable at $0.05 expiring 25 March 2017 were exercised into ordinary shares raising approximately $216,000 for the consolidated entity.