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31 December 2021 Half Year Report

Tanzanian graphite developer Black Rock Mining Limited (ASX:BKT) (**Black Rock** or the **Company**) is pleased to release its half year report for the period ended 31 December 2021. During the half-year, and to the date of this report, the Group delivered on a number of significant milestones, including:

- Framework Agreement signed with the Government of Tanzania. The Agreement confirms the Government's 16% Free Carried Interest shareholding and commitment to jointly develop the world-class Mahenge Graphite Mine;
- Term Sheet Signed with strategic partner and cornerstone shareholder, POSCO, for Longform Offtake & US$10M Prepayment;
- Binding offtake term sheets executed for large flake concentrate, effectively converting two existing Chinese Pricing and Volume Agreements to Binding Term Sheets status;
- Delivered the largest Customer Qualification Works globally with the completion of a 500 tonne qualification campaign;
- MOU signed with URBIX, Inc – US based clean tech graphite processing company that will provide strategic optionality to the POSCO partnership;
- Confirmed 25% increase in Measured Mineral Resource:
  - Mahenge now has the largest Measured graphite mineral resource globally;
  - Confirms the first 10 years of the mine plan (including all of Modules 1 and 2) is now underpinned by the highest confidence mineral resource category; and
  - The upgrade provides additional confidence for lenders and offtake partners in the context of the debt financing process currently underway.
- Debt financing activities in train. Continued discussions with financiers including due diligence activities with the TIB Development Bank;
- Project development activities ongoing across engineering, customer qualification work, resettlement, costs assessment, and partner integration;
- Paul Sims appointed Chief Financial Officer, brings extensive financial and project development experience to complement Black Rock's existing project development experience;
- The Company is funded to complete works ahead of completion of finance into construction, with A$8.65M cash at bank as at 31 December 2021; and
- Positive market outlook continues for graphite demand which remains one of the highest of all minerals required for clean energy storage technologies.

This ASX release was authorised by the Board of Black Rock Mining Ltd

For more information:

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About Black Rock

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 (**Project**) located in Tanzania. The Project has a JORC compliant Mineral Resource Estimate of 213m tonnes at 7.8% TGC. It also has Ore Reserves of 70.5m tonnes at 8.5% TGC. The Ore Reserves support a mine life of up to 340k 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 resources estimate.

On 25 July 2019, the Company released an enhanced Definitive Feasibility Study (eDFS) for the Project. The eDFS for the Mahenge Graphite Mine envisages a four phase operation, ultimately producing 340,000 tpa of high-grade graphite, with 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 NPV_{10} of US$1.16bn (A$1.65bn**)

Black Rock has obtained all Environmental approvals, Mining Licences and its Resettlement Action Plan with clear title to the eDFS project area. An FCI Agreement was signed with the Government of Tanzania in December 2021.

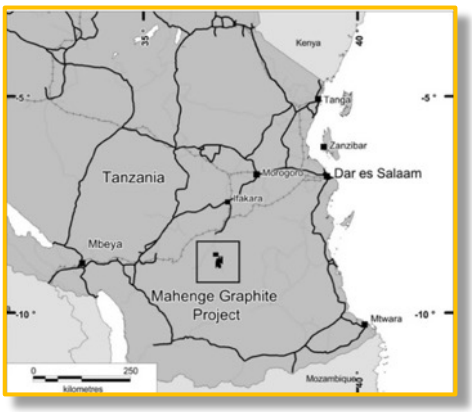
In June 2020, the Company announced a Strategic Alliance with POSCO Group for the development of the Mahenge Graphite Mine. This included an equity investment of US$7.5M, signed in February 2021. In December 2021, a Term Sheet was agreed with POSCO for a US$10M prepay and life of mine fines offtake for Module 1. Black Rock has also allocated planned production through Pricing Framework Agreements (ASX release 8 May 2019) with five other offtake customers.

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

The estimated Ore Reserves and Mineral Resources underpinning the production target has been prepared by competent persons in accordance with the requirements in Appendix 5A (JORC Code).

The Company is construction-ready subject to financing.

JORC Compliant Mineral Resource Estimate and Ore Reserve***			
Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	-	-	-
- Probable	70.5	8.5	6.0
Total Ore Reserves	**70.5**	**8.5**	**6.0**
Mineral Resources			
- Measured	31.8	8.6	2.7
- Indicated	84.6	7.8	6.6
Total M&I	**116.4**	**8.0**	**9.3**
- Inferred	96.7	7.4	7.2
Total M, I&I	**213.1**	**7.8**	**16.6**



Location of Black Rock's Mahenge Graphite Project in Tanzania

For further information on Black Rock Mining Ltd, please visit **www.blackrockmining.com.au**

* Forecast Capex has been classified as a Class 3 estimate with accuracy of ±10% as defined by AACE
** AU$/US$ 0.70
*** Resource and Ore Reserve Estimates as released to ASX on 3 February 2022

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Directors
Richard Crookes — Chairman
John de Vries — Managing Director & CEO
Gabriel Chiappini — Non-Executive Director/Company Secretary
Ian Murray — Non-Executive Director

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BLACK ROCK MINING LIMITED

Half-year report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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CORPORATE DIRECTORY

ABN: 59 094 551 336

DIRECTORS	Richard Crookes Chairman Non-Executive John de Vries *Chief Executive Officer, Managing Director* Ian Murray *Non-Executive Director* Gabriel Chiappini *Non-Executive Director*
COMPANY SECRETARY	Gabriel Chiappini
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Level 1, 1 Walker Ave West Perth Western Australia, 6005 Telephone: (+61 8) 6383 6200 Website: www.blackrockmining.com.au
AUDITOR	Deloitte Touche Tohmatsu Tower 2, Brookfield Place 123 St Georges Terrace Perth Western Australia, 6000 Telephone: (+61 8) 9365 7000 Fax: (+61 8) 9365 7001
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth Western Australia, 6000 Telephone: 1300 787 272 Facsimile: (+61 8) 9323 2033 Email: web.queries@computershare.com.au
STOCK EXCHANGE LISTING	The Company's shares are quoted on the Australian Securities Exchange (ASX) The Home Exchange is Perth
ASX CODE	BKT - ordinary shares

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Directors' report

The directors of Black Rock Mining Limited (the Company or Black Rock) submit herewith the financial report of Black Rock Mining Limited and its subsidiaries (the Group or Consolidated Entity) for the half-year ended 31 December 2021. 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

REVIEW OF OPERATIONS

The consolidated loss after tax for the six months ended 31 December 2021 was $1,720,660 (31 December 2020: $1,259,273).

During the half-year ended 31 December 2021 and to the date of this report, the Group delivered on a number of milestones, including:

- Executed the term sheet with POSCO comprising:
  - US$10M prepayment commitment, repayable via delivery of product; and
  - Offtake agreement for 100% of planned fines production (-#100) from Mahenge module one
- Completed the 500 tonne large-scale processing plant for customer qualification works underpinning the offtake agreement with POSCO.
- Finalised the new binding term sheets for offtake with the Company's existing offtake customers, Taihe Soar (Dalian) Supply Chain Management and Qingdao Yujinxi New Material Co Ltd.
- Continued discussions with financiers including due diligence activities with the TIB Development Bank.

Mahenge Framework agreement and Free Carried Interest

On 14th December 2021 Black Rock announced that it had signed the Framework Agreement (Agreement) with the Government of the United Republic of Tanzania (Tanzanian Government) to jointly develop the world-class Mahenge Graphite Mine.

Framework Agreement

At a signing ceremony held on 13th December 2021, attended by the President of Tanzania, Her Excellency Samia Suluhu Hassan, the Minister of Minerals Hon. Doto Biteko (MP) signed the Agreement with Black Rock, confirming the Government's commitment to jointly develop the Mahenge Graphite Mine. The Agreement includes the provision for a Free Carried Interest (FCI) which is required by law under Section 10 of the Mining Act whereby a 16% non-dilutable shareholding in the capital of all mining companies is held by the Tanzanian Government.

Under the Agreement, the following structure has been agreed:

- A Joint Venture (JV) Company, Faru Graphite Corporation (Faru), has been established to develop the Mahenge Graphite Mine. Faru is the Swahili word for Rhinoceros. The Tanzanian Government will own a 16% undiluted free-carried interest shareholding in Faru, with 84% owned by Black Rock via its wholly owned United Kingdom subsidiary company, Mahenge Resources Limited;
- A Special Mining Licence (SML) will be granted to unify existing Mining Licence (ML) 611/2019 and ML 612/2019 and a part of Prospecting Licence (PL) 13752/2019;
- Existing approved Environmental Permits and Resettlement Action Plans granted to ML 611/2019 and ML 612/2019 will be grandfathered to the SML; and
- An exemption will be issued to Black Rock 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.

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The key terms of the Framework Agreement are summarised below:

Key Term	Detail
Ownership Structure	Tanzanian Government 16% FCI undiluted / Black Rock 84%. Each share is entitled to 1 vote in accordance with the constitution.
Investing entity	Mahenge Resources Limited (UK) – 100% owned Black Rock subsidiary
Shareholder loans	Not subject to FCI where not interest bearing and registered with Bank of Tanzania
Banking	JV Co to hold all proceeds from sale on mineral products in local and foreign currency accounts in Tanzania
Governing law	Tanzanian law. Arbitration by UNCITRAL rules. Arbitration seat East African Court of Justice
Taxation	Tanzanian corporate tax rate (30%)
Debt	Mahenge Resources Limited (UK) able to pledge equity in JV Company to support third party financing for the purposes of mine development and operations
Board	Initial board with five directors with Black Rock appointing three directors and Tanzanian Government appointing two directors

Corporate and Financial Position

Consolidated net assets at 31 December 2021 were $34,127,545 against $33,163,048 at 30 June 2021. Total cash held at the half-year-end was $8,506,163 (30 June 2021: $11,298,422).

The auditor's independence declaration is included on page 6 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, 9 March 2022

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Deloitte.

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

9 March 2022

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 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

David Newman
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 2021, 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 as set out on pages 9 to 22**.**

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 2021 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 half-year financial report which indicates that the consolidated entity incurred net losses of $1,720,660, and experienced net cash outflows from operating activities of $861,458 and net cash outflows from investing activities of $3,545,219 for the period ended 31 December 2021. 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.

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Deloitte.

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.

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 2021 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

David Newman
Partner
Chartered Accountants
Perth, 9 March 2022

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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:

R.A. Crookes

RICHARD CROOKES

Chairman
Perth, 9 March 2022

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Condensed consolidated statement of profit or loss and other comprehensive income

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated	
		31 December 2021 $	31 December 2020 $
Continuing operations			
Interest income		117	435
Other income	2	-	51,106
Administration expenses		(231,607)	(115,294)
Employee benefit expense		(673,106)	(516,365)
Share based payment expense		(310,982)	(83,804)
Consulting expense		(470,618)	(488,577)
Depreciation and amortisation expense		(6,981)	(7,413)
Net foreign currency exchange gain/(loss)		220,983	(21,522)
Other expenses from ordinary activities		(248,466)	(77,839)
		(1,720,660)	**(1,259,273)**
Loss before tax			
Income tax expense		-	-
LOSS FOR THE PERIOD		**(1,720,660)**	**(1,259,273)**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		534,970	(1,693,170)
Other comprehensive income for the period (net of tax)		**534,970**	(1,693,170)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF BLACK ROCK MINING LIMITED		**(1,185,690)**	**(2,952,443)**
Loss for the period attributable to owners of the company		(1,185,690)	(2,952,443)
Total comprehensive income attributable to the owners of the company		(1,185,690)	(2,952,443)
Loss per share			
From continuing operations			
Basic and diluted loss per share (cents per share)		(0.20)	(0.19)

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

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Condensed consolidated statement of financial position

AS AT 31 DECEMBER 2021

	Note	Consolidated	
		31 December 2021 $	30 June 2021 $
Assets			
Current assets			
Cash and bank balances		8,506,163	11,298,422
Other receivables		292,441	145,003
Total current assets		8,798,604	11,443,425
Non-current assets			
Exploration & evaluation asset	5	26,234,552	22,164,704
Property, plant and equipment		38,022	23,512
Total non-current assets		26,272,574	22,188,216
Total assets		**35,071,178**	**33,631,641**
Liabilities			
Current liabilities			
Trade and other payables	6	841,478	386,879
Provisions		102,155	81,714
Total current liabilities		943,633	468,593
Total liabilities		**943,633**	**468,593**
Net assets		**34,127,545**	**33,163,048**
Equity			
Issued capital	4	76,779,552	74,940,347
Foreign currency translation reserve		459,125	(75,845)
Share based payment reserve		1,130,738	1,077,067
Accumulated losses		(44,241,870)	(42,778,521)
Total equity		**34,127,545**	**33,163,048**

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

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Condensed consolidated statement of changes in equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Reserve	Total Equity
	$	$	$	$	$
Balance as at 1 July 2020	**60,989,789**	**(40,660,314)**	**1,132,872**	**1,256,565**	**22,718,912**
Loss for the period		(1,259,273)			(1,259,273)
Other comprehensive income for the period, net of tax				(1,693,170)	(1,693,170)
Total comprehensive income for the period		(1,259,273)		(1,693,170)	(2,952,443)
Issue of ordinary shares	3,652,828				3,652,828
Cost of share based payments issued to Directors and consultants	172,065		170,228		342,293
Cost of share capital issued	(330,346)				(330,346)
Options expired not vested during the period		694,792	(694,792)		-
Balance as at 31 December 2020	**64,484,336**	**(41,224,795)**	**608,308**	**(436,605)**	**23,431,244**
Balance as at 1 July 2021	**74,940,347**	**(42,778,521)**	**1,077,067**	**(75,845)**	**33,163,048**
Loss for the period	-	(1,720,660)	-	-	(1,720,660)
Other comprehensive income for the period, net of tax	-	-	-	534,970	534,970
Total comprehensive income for the period	-	(1,720,660)	-	534,970	(1,185,690)
Issue of ordinary shares from options exercised	1,864,369	-			1,864,369
Cost of share based payments issued to Directors and consultants		-	310,982		310,982
Cost of share capital issued	(25,164)	-			(25,164)
Options expired 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**

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

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Condensed consolidated statement of cash flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated	
	31 December 2021 $	31 December 2020 $
Cash flow from operating activities		
Payments to suppliers and employees	(861,458)	(1,315,493)
Net cash flows used in operating activities	(861,458)	(1,315,493)
Cash flow from investing activities		
Exploration expenditure	(3,507,751)	(149,124)
Interest received	117	435
Payments for property, plant and equipment	(21,492)	(632)
Payments for security deposits	(16,093)	-
Net cash flows used in investing activities	(3,545,219)	(149,321)
Cash flows from financing activities		
Proceeds from issue of shares and options	1,864,369	3,652,828
Payment of share issue costs	(25,164)	(330,346)
Net cash flows provided by financing activities	1,839,205	3,322,482
Net decrease/(increase) in cash and cash equivalents	(2,567,472)	1,857,669
Cash and cash equivalents at the beginning of the financial period	11,298,422	722,097
Exchange movement	(224,787)	(539)
Cash and cash equivalents at the end of the period	**8,506,163**	**2,579,226**

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'.

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

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This condensed consolidated interim financial 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 report for the year ended 30 June 2021 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Comparative financial information

Employee Benefit Expense in the condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021 have been reclassified to provide users a better understanding of the nature of the expenditure incurred in prior periods and to ensure consistency of classification with the current period.

The Employee Benefit Expense amount has been split in the condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020, as follows:

- Employee Benefit Expense: $516,365
- Share based payment expense: $83,804

New or amended standards adopted by the Group

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

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

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

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 settlement of liabilities in the ordinary course of business.

The Group incurred net losses of $1,720,660 (31 December 2020: $1,259,273) and experienced net cash outflows from operating activities of $861,458 (31 December 2020: $1,315,493) and net cash outflows from investing activities of $3,545, 219 (31 December 2020: $149,321) for the period ended 31 December 2021. As at 31 December 2021 the Group has cash and cash equivalents of $8,506,163 (30 June 2021: $11,298,422).

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During the half year the Group deployed its working capital into advancing its graphite prospects in Mahenge, Tanzania by undertaking a number of work streams including but not limited to:

- Continued activities associated with Front End Engineering Design work and completion of its Spherical Purified Graphite Production Trial;
- Execution of an offtake and $US10m prepayment agreement with POSCO;
- Finalization of the Framework Agreement and Free Carry Interest (FCI) Agreement with the Government of Tanzania; and
- Continued discussions with financiers including due diligence activities with the TIB Development Bank.

Management have prepared a cash flow forecast for the period ending 31 March 2023 reflecting the Group's key objectives. This cash flow forecast indicates that the Group is required to raise additional funding through debt or equity to meet the Group's stated strategic objectives and for general working capital. 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 2023. Should a Final Investment Decision be made with respect to the Mahenge Project, the cash flow forecast will be updated to identify any additional funding required for development, be this in the form of debt or equity, or a combination of both.

Based on the Group's history of raising capital, and subject to the general market conditions, the Directors are confident of the Group'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 Group be unable to obtain funding through capital raising or alternative sources, or otherwise reduce its operational spending in line with available cash resources, there is a material uncertainty that may cast significant doubt as to whether the group 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 interim financial report does 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 Group not continue as a going concern.

2. OTHER INCOME

The Group did not earn any other income during the current period. During the half-year ended 31 December 2020 the Group received $51,106 relating to the Australian Governments cash flow boost programme.

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3. 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.

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:

For the six months ended 31 December 2021

	Australia Corporate $	Tanzania Graphite $	Consolidated $
Segment revenue	117	-	117
Segment results	(1,284,934)	(435,726)	(1,720,660)
Segment assets	8,747,925	26,323,253	35,071,178

For the six months ended 31 December 2020

	Australia Corporate $	Tanzania Graphite $	Consolidated $
Segment revenue	51,541	-	51,541
Segment results	(1,004,677)	(254,596)	(1,259,273)
Segment assets	2,704,937	21,234,255	23,939,192

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4. ISSUED CAPITAL

	31 December 2021	30 June 2021
	$	$
868,645,599 ordinary shares issued and fully paid (30 June 2021: 849,264,173)	76,779,552	74,940,347

4.1 Fully paid ordinary shares

	Number of shares	Share capital
		$
Balance at 1 July 2021	849,264,173	74,940,347
Exercise of options (Consultants) 28 October 2021 ($0.10 cents per share)	3,000,000	300,000
Exercise of options (Directors) 31 October 2021 ($0.10 cents per share)	10,000,000	1,000,000
Exercise of options (Consultants) 31 October 2021 ($0.10 cents per share)	1,000,000	100,000
Exercise of options (Consultants) 20 December 2021 ($0.10 cents per share)	3,000,000	300,000
Option exercise funds received in 30 June 2021 period, shares issued post 30 June 2021 ($0.084 cents per share)	468,029	-
Shares issued upon exercise of options ($0.084 cents per share)	1,913,357	160,722
Option exercise funds received in 31 December 2021 period, shares issued post 31 December 2021 ($0.084 cents per share)	-	3,647
Less: Capital raising costs	-	(25,164)
	868,645,559	**76,779,552**

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4.2 Options

As at 31 December 2021, there were 73,341,572 unlisted options (30 June 2021: 86,722,958).

	Opening balance	Exercised in period	Granted in period	Expired in period	Closing balance
Unlisted options					
Expiring 31 October 2021 at $0.10	1,000,000	1,000,000	-	-	-
Expiring 7 November 2021 at $0.10	13,000,000	13,000,000	-	-	-
Expiring 18 December 2021 at $0.10	3,000,000	3,000,000	-	-	-
Expiring 14 March 2021 at $0.20	5,000,000	-	-	-	5,000,000
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	2,381,386	-	-	33,141,572
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
Expiring 1 July 2024 at $0.224		-	1,500,000	-	1,500,000
Expiring 1 July 2024 at $0.20	-	-	1,500,000	-	1,500,000
Expiring 25 October 2024 at $0.29	-	-	3,000,000	-	3,000,000
	86,722,958	19,381,386	6,000,000	-	73,341,572

5. EXPLORATION AND EVALUATION ASSET

	31 December 2021	30 June 2021
	$	$
Balance at beginning of the period	22,164,704	22,770,344
Expenditure incurred during the period (at cost)	3,507,751	753,094
Foreign exchange difference	562,097	(1,358,734)
Balance at end of period	26,234,552	22,164,704

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 $26,234,552 (30 June 2021: $22,164,704) represents the carrying value of the Groups Mahenge graphite project located in Tanzania.

Mahenge Framework agreement and Free Carried Interest

On 14th December 2021 Black Rock announced that it had signed the Framework Agreement (Agreement) with the Government of the United Republic of Tanzania (Tanzanian Government) to jointly develop the world-class Mahenge Graphite Mine.

Framework Agreement

At a signing ceremony held on 13th December 2021, attended by the President of Tanzania, Her Excellency Samia Suluhu Hassan, the Minister of Minerals Hon. Doto Biteko (MP) signed the Agreement with Black Rock, confirming the Government's commitment to jointly develop the Mahenge Graphite Mine. The Agreement includes the provision for a Free Carried Interest (FCI) which is required by law under Section 10 of the Mining Act whereby a 16% non-dilutable shareholding in the capital of all mining companies is held by the Tanzanian Government.

Under the Agreement, the following structure has been agreed:

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- A Joint Venture (JV) Company, Faru Graphite Corporation (Faru), has been established to develop the Mahenge Graphite Mine. Faru is the Swahili word for Rhinoceros. The Tanzanian Government will own a 16% undiluted free-carried interest shareholding in Faru, with 84% owned by Black Rock via its wholly owned United Kingdom subsidiary company, Mahenge Resources Limited;
- A Special Mining Licence (SML) will be granted to unify existing Mining Licence (ML) 611/2019 and ML 612/2019 and a part of Prospecting Licence (PL) 13752/2019;
- Existing approved Environmental Permits and Resettlement Action Plans granted to ML 611/2019 and ML 612/2019 will be grandfathered to the SML; and
- An exemption will be issued to Black Rock 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.

6. TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	$	$
Trade creditors	579,539	143,193
Accruals	197,597	180,714
Other liabilities	64,342	62,972
	841,478	386,879

Included in trade creditors and accruals is an amount of $45,255 (30 June 2021: $42,741) relating to exploration expenditure.

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7. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	31 December 2021 $	30 June 2021 $
Financial assets		
Cash and cash equivalents	8,506,163	11,298,422
Other receivables	292,441	145,003
Financial liabilities		
Trade and other payables	(841,478)	(386,879)
Provisions	(102,155)	(81,714)
Net financial instruments	7,854,971	(10,974,832)

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

8. EXPENDITURE COMMITMENTS

a. *Exploration*

As part of the Company's license conditions with the Tanzanian Energy and Minerals Department, the Company is obliged to pay USD$100 per square kilometer to maintain the PL 11486/2020 and USD$150 per square kilometer for the PL 10427/2014 to keep them in good standing.

Additional obligations exist for the new ML's held of USD 2,000 per square meter for ML 612/2019 and ML 611/2019.

The license costs per annum are as follows:

Project Name	*License Type*	*License Number*	*Area km²*	*Rate per km²*	*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 Southwest	Prospecting License	PL 10427/2014	111.6	USD 150	USD$16,740

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 2021. 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

- $250,000 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
- $375,000 cash and the equivalent value ($375,000) 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 Project 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 5 days prior to the release of the announcement.

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Exploration Programme

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

b. *Capital commitments*

The Group has no capital commitments (30 June 2021: Nil).

c. *Short term lease commitment*

During the period the Company ceased it's license agreement for its serviced office at 45 Ventnor Avenue, West Perth.

d. *Finance lease commitment*

The Company commences a new lease for premises at Level 1, 1 Walker Avenue West Perth on 1 March 2022. While the lease has not commenced as at 31 December 2021, the Company was able to access the premises from 10 January 2022 and the following details are provided accordingly.

Commencement date: 1 March 2022

Expiry date: 28 February 2025

Monthly License fee: $10,164.58 excl. GST

e. *Contractual commitments*

The Group has no contractual commitments at 31 December 2021 (30 June 2021: Nil).

9. SUBSEQUENT EVENTS

Other than the below, the Directors are not aware of any matter or circumstance that has significantly or may significantly affect the operation of the Company or the results of these operations, or the state of affairs of the Group in subsequent financial years.

- Completed the infill drill program and bulk metallurgical sampling resulting in a 25% increase in the Measured Mineral Resource as announced to the Australian Securities Exchange on 3rd of February 2022.

10. CONTINGENT LIABILITIES

Resettlement Action Plan (RAP)

Black Rock announced on 11th May 2020 that its Tanzanian based consultant had finalised field activities thereby substantially completing the Mahenge Graphite Project (the Project) Resettlement Action Plan (RAP) process. Completion of RAP fieldwork facilitated the continued progress in relation to financing the Project which is subject to completion and resolution of the FCI negotiations, amongst other matters.

The compensation for the resettlement and relocation of people and assets affected by the Project is a requirement according to the Land Acquisition Act No. 47 of 1967, and some provisions related to land acquisition in the Land Use Planning Act No. 6 of 2007. The valuation process was governed by the Valuation and Valuers Act of 2016 along with its General Regulations of 2018 that which are complemented and supplemented by other acts such as the District Authorities Act (1982), Land Act of (1999) Village land Act (1999) and other laws and regulations that govern different procedure and practices during valuation.

The process was designed to meet the International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability and is a typically mandated condition precedent for debt funding and Mining Licenses. A multi-disciplined Tanzanian team including Surveyors, Valuers, Sociologists, Data Entry and Geographic Information Systems (GIS) experts completed the study. The team's work was overseen by Government Officials to ensure accuracy and compliance with legislation.

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As part of Project development activities, Black Rock will need to acquire some land currently used for subsistence agriculture, and relocate some village accommodation proximal to mining operations. All affected persons will be compensated where appropriate and moved to better quality properties with vastly improved amenities. All farming landowners will be compensated with cash, permitting them to buy and establish new farms, or land of their choosing.

At the date of this report, the Company is not in a position to quantify the final costs for all RAP and associated activities, and does not expect to be in that position until it has completed the following work streams:

- Early Contractor Involvement Phase; and
- Detailed Design Phase.

The RAP provides the framework under which the Company can progress land acquisition, should a development decision be made in relation to the Project, at which point land acquisition agreements and related compensation agreements will be finalised.