

## SHAREHOLDER LETTER FROM MANAGING DIRECTOR

Dear Shareholder,

It is my pleasure to write to you following the substantial progress delivered by Black Rock Mining Limited (Black Rock) (ASX: BKT) in 2019.

The granting of the Mining Licences for our flagship Mahenge Graphite Project (Mahenge or Mahenge Project) in February 2019 was a significant milestone. This was shortly followed by the completion of further successful commercial-scale pilot plant testing in April 2019, execution of a landmark offtake pricing framework (and further offtake contracts) in May 2019, and finalisation of the Enhanced DFS on Mahenge in July 2019.

The project financing process for Mahenge commenced during 2H 2019 and is proceeding well. It is pleasing to note that through our progressive discussions with potential financiers and vendor partners, Black Rock's study work and development execution plans for Mahenge are holding up to robust due diligence.

In many respects, graphite is no different to any other commodity – the cost of your project finance, if available, tends to bear an inverse relationship to the quality and depth of your study work. As a key differentiating feature of Black Rock and the Mahenge Project to date, we believe this offers the potential to achieve a financing package superior to what many of our peers are currently pursuing. There has been significant market commentary recently about global graphite markets, including the magnitude and timing of future demand requirements. Rest assured, we continue to focus on the right-sized base project plus modular 'market-pull' growth strategy we have outlined to date. This has been carefully designed to balance the maximising of economic return with the minimising of commercial risk.

The sum of all this is that we now believe that we are better placed, both technically and strategically, than almost all other graphite project proponents globally to successfully build, commission and ramp-up a world-class mining operation. Again, a key driver of this perspective is the depth and quality of study work that has been undertaken on the Mahenge Project, relative to most peer projects.

Turning to in-country dynamics, the predominant resolution of the Acacia Mining/Barrick dispute with the Tanzanian Government in October 2019 is a significant juncture. Since this resolution, Black Rock has adopted a strategy of not waiting around and hoping for senior industry participants to establish new precedent. Our approach has been a highly proactive one – because our circumstances allow it to be.

All our permits to date, and our Resettlement Action Plan (RAP) process, have been approved under the new Mining Code. We benefit from having met, or having established appropriate mechanisms to meet, all the new regulatory criteria. This leaves us in the enviable position of not needing, or wanting, to seek debate on legacy frameworks and approvals. For this reason, we are deliberately positioning Black Rock, and the Mahenge Project, to be utilised by the Tanzanian Government in the short-term as the project permitting model for all other industry participants.

The level of engagement we have had in recent months via this approach has been outstanding. Adopting a deliberate whole-of-government perspective has meant that we have received active engagement from all levels of the Tanzanian Government. To give you an indication of the breadth and depth of this engagement, I recently returned from Tanzania after spending several weeks there, including across the Christmas and New Year period, in discussion with various government parties. We believe significant progress is being made.

In short, we have adopted a highly proactive approach and we benefit from an absence of the legacy issues that challenge many of the other mining (including graphite) project proponents in-country. It is our belief that these dynamics have the strong potential to place Black Rock at the front of the queue with respect to resolution of remaining Tanzanian ownership and approvals matters. Black Rock plans to remain proactive and continue to seek to add shareholder value where appropriate.

I look forward to the next phase – 2020 is shaping up to be a defining year for Black Rock. We are confident we have the right team, strategy and momentum to capture our full value potential. Thank you to you, the owners of our business, for your continued support. We are here to build a long-life, world-class graphite mine in a safe and responsible manner, and that is what we intend to do.

Yours faithfully,

John de Vries  
**Managing Director**  
**Black Rock Mining**

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## About Black Rock Mining

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

In October 2018, the Company released a Definitive Feasibility Study (DFS) for the Project, which was based on strong customer demand. The DFS was enhanced in July 2019 (refer to ASX release 25 July 2019), and demonstrates exceptional financial metrics including:

- *Low Capex*: Lowest peak capital expenditure of US\$116M for phase one\*;
- *High Margin*: AISC margin of 63.1%;
- *Low Technical Risk*: Substantial pilot plant operations run of 110 tonnes; and
- *Superior Economics*: IRR of 44.8% with NPV<sub>10</sub> of US\$1.16bn (A\$1.65bn\*\*)

In February 2019, the Company announced receipt of its mining licence for the DFS project.

In May 2019, the Company announced it had substantially allocated planned production with up to 255k tonnes per annum of graphite committed to sale by year three of production, through Pricing Framework Agreements (refer to ASX release 8 May 2019). The Company is progressing these agreements into binding offtake commitments.

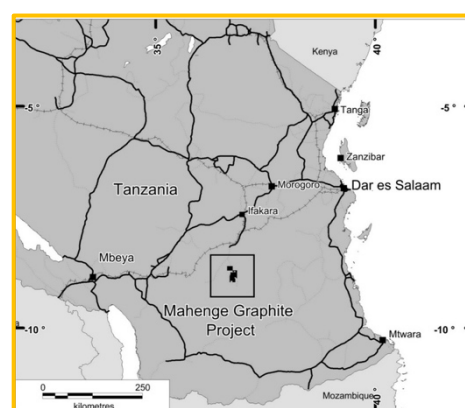
In August 2019, the company announced that a trial producing spheronised purified graphite from Mahenge concentrate had been completed demonstrating results exceeding industry standards (refer to ASX release 15 August 2019).

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 currently progressing financing discussions and detailed engineering with a view to commencing construction of the mine.

<b>JORC Compliant Mineral Resource Estimate and Reserve</b>			
<b>Reserves</b>	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	79.6	8.5	6.0
<b>Total Reserves</b>	<b>79.6</b>	<b>8.5</b>	<b>6.0</b>
<b>Resources</b>			
- Measured	25.5	8.6	2.2
- Indicated	88.1	7.9	6.9
<b>Total M&amp;I</b>	<b>113.6</b>	<b>8.1</b>	<b>9.1</b>
- Inferred	98.3	7.6	7.4
<b>Total M, I&amp;I</b>	<b>211.9</b>	<b>7.8</b>	<b>16.6</b>



**Location of Black Rock's Mahenge Graphite Project in Tanzania**

For further information on Black Rock Mining Ltd, please visit [www.blackrockmining.com.au](http://www.blackrockmining.com.au)

**Black Rock Mining Ltd**  
 ACN 094 551 336  
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**Issued Capital**  
 628.9m Shares  
 69m Options

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