

DECEMBER 2019 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Active engagement with Tanzanian Government**
- **Project finance process advances**
- **Strong budget discipline; cash balance of A\$2.24M**
- **Resettlement Action Plan (RAP) in progress**
- **Corporate Social Responsibility activities**

Tanzanian graphite developer Black Rock Mining Limited (BKT: ASX) ("**Black Rock**" or the "**Company**") is pleased to provide its December 2019 Quarterly Activities Report.

Active engagement with Tanzanian Government

The 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 working directly with the Tanzanian Government in seeking to establish a new development precedent with respect to resolution of mining project fiscal arrangements.

The level of engagement the Company has had in recent months via this approach has been encouraging. Adopting a deliberate whole-of-government perspective has meant that Black Rock has received active engagement from all levels across the Tanzanian Government.

In combination with this highly proactive approach, Black Rock also benefits from an absence of the legacy issues that challenge many of the other mining (including graphite) project proponents in-country. These dynamics have the strong potential to place the Company at the front of the queue with respect to resolution of remaining Tanzanian ownership and approvals matters.

Black Rock is targeting resolution of these residual matters in 1H 2020. Tanzanian Government approval for Barrick to recommence concentrate exports, announced in recent days, is a further positive step in this regard.

Project finance process advances

The project financing process for the Mahenge Graphite Project commenced during 2H 2019 and is progressing solidly.

The quality and depth of project study work to date is a key differentiating feature of Black Rock and the Mahenge Graphite Project. It is pleasing to note that through progressive discussions with potential financiers and vendor partners, Black Rock's study work and development execution plans for the Mahenge Graphite Project are holding up to robust due diligence. The Company believes that this dynamic offers the potential to achieve a financing package superior to what many of our peers are currently pursuing.

Finalisation of key fiscal arrangements with the Tanzanian Government, including the structure of its 16% free-carried interest in the Mahenge Graphite Project, remains a key target deliverable within the project finance process timeline.

Strong budget discipline

Black Rock undertook a strategic review of project and operating expenditure during the quarter, with a view to prioritising expenditure on activities supporting project financing and government engagement. As a result, the Company is now ahead of its planned FY20 budget with cash reserves of A\$2.24M as at 31 December 2019.

Resettlement Action Plan (RAP) in progress

The Resettlement Action Plan (RAP) for the Mahenge Graphite Project is making strong progress, managed with a highly inclusive mindset that seeks to engage and incorporate local communities and relevant administration at all levels.

All Mahenge Graphite Project permits to date have been approved under the new Mining Code. The Mahenge Graphite Project also benefits from having met, or having established appropriate mechanisms to meet, all the new regulatory criteria.

This leaves Black Rock in the enviable position of not needing, or wanting, to seek debate on legacy frameworks and approvals. For this reason, Black Rock continues to deliberately position the Mahenge Graphite Project to be utilised by the Tanzanian Government as the development project permitting model for all other industry participants.



Figure 1 – Stakeholders group photo following RAP meetings in Mahenge district, Tanzania (with Black Rock's Vice President - Corporate, Raymond Hekima, front row second from right)

Corporate Social Responsibility activities

Mahenge Resources Limited (Black Rock's 100% owned Tanzanian subsidiary), under its Corporate Social Responsibility program, continues to focus on building its relationships with surrounding communities in order to establish a long-term business to the benefit of all local stakeholders.

Activities undertaken during the quarter included:

- **Construction of village offices** – finalising the completion of the construction of village project offices; and
- **Local aid** – consulted with local communities and facilitated food programs for students attempting national exams.



Figure 2 – Black Rock CEO/MD John de Vries assisting in the construction of a village office

This ASX release was authorised on behalf of the Black Rock Board by:

John de Vries, Managing Director & CEO

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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 Resource Estimate.

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

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

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

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

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

JORC Compliant Mineral Resource Estimate and Ore Reserve

Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	70	8.5	6.0
Total Ore Reserves	70	8.5	6.0
Mineral Resources			
- Measured	25.5	8.6	2.2
- Indicated	88.1	7.9	6.9
Total M&I	113.6	8.1	9.1
- Inferred	98.3	7.6	7.4
Total M, I & I	211.9	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 $\pm 10\%$ as defined by AACE
 ** \$AUD/USD 0.70

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Black Rock Mining Limited

ABN

59 094 551 336

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(185)	(454)
	(e) administration and corporate costs	(89)	(338)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Project financing	(50)	(197)
1.9	Product market studies	(8)	(23)
1.9	Marketing	(50)	(252)
1.10	Foreign subsidiary costs	(151)	(349)
1.13	Net cash from / (used in) operating activities	(533)	(1,612)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(4)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Exploration and Evaluation expenditure	(401)	(912)
2.6	(Payments of)/ proceeds from security bonds	-	-
2.6	Net cash from / (used in) investing activities	(401)	(916)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	410	3,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(6)	(135)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	404	2,865

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period (note 1)	2,774	1,907
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(533)	(1,612)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(401)	(916)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	404	2,865
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,244	2,244

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	718	194
5.2	Call deposits	1,481	2,535
5.3	Bank overdrafts	-	-
5.4	Cash backing credit cards	45	45
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,244	2,774

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
142
-

Payments relate to executive director salary, non- executive director fees and company secretary fee.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Not applicable

8. Financing facilities available
Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Not applicable

9. Estimated net cash flows for next quarter

\$A'000

9.1 Exploration and evaluation

(332)

9.2 Development

-

9.3 Production

-

9.4 Staff costs

(249)

9.5 Administration and corporate costs

(166)

9.6 Project Financing

(177)

9.7 Product Market Studies

(5)

9.8 Marketing

(47)

9.9 Foreign subsidiary compliance

(214)

9.10 Accounts payable

-

9.10 Interest received

3

9.12 Total estimated net cash flows

(1,187)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

11. Performance securities

11.1 Unlisted options	
Options \$0.10: expiring 31 August 2020	25,000,000
Options \$0.20: expiring 19 April 2020	5,000,000
Options \$0.10: expiring 31 October 2021	1,000,000
Options \$0.10: expiring 7 November 2021	13,000,000
Options \$0.10: expiring 18 December 2021	3,000,000
Options \$0.07: expiring 9 July 2021	5,000,000
Options \$0.20: expiring 14 March 2021	5,000,000
Options \$0.15: expiring 28 October 2022	9,200,000
Options \$0.15: expiring 18 November 2022	3,000,000
	69,200,000

Upon exercise, each unlisted option converts to one (1) ordinary share in Black Rock Mining Ltd.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Print name: Gabriel Chiappini (Non- executive Director and Company Secretary), 30 January 2020

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.