

December 2015

Quarterly activities report and cashflow statement



29 January 2016

Highlights

- Ulanzi infill drill programme completed, extending resource potential. Best intercepts of:
 - **84m@ 9.38% TGC**, including **32m@ 14.70% TGC** from RC87
 - **78m@ 8.57% TGC**, including **50m@ 10.14% TGC** from RC86
- Preliminary JORC resource expected in February
- Capital Raising successfully raised AUD\$5m
- Ongoing focus now on development with scoping study, metallurgical test work and marketing underway
- Final drilling programme underway to widen the mineralised zone at Ulanzi, define high grade surface mineralisation and to develop a resource at Cascade

Black Rock Mining Limited (ASX.BKT) (“Black Rock Mining” or “the Company”) is pleased to present its December quarterly report.

Capital Raising – as announced on 29 October 2015, the Company successfully raised AUD\$5m by way of the issue of 66,666,654 shares at \$0.075 per share. The company also issued a 1 for 2 attaching option with an exercise price of \$0.075 and expiry of 30 November 2018. The Company will be seeking to have the options quoted on the ASX. The additional funding will go towards Black Rock Mining’s strategy to support its stated goal to finalise a JORC resource at Mahenge and to commence scoping studies.

Mahenge – December Quarter Drilling - The 2015 Ulanzi infill programme consisted of 31 drill holes totaling 2,581m. Significant zones of graphitic mineralisation were intersected by all holes drilled, which will significantly contribute to the overall Ulanzi resource (assay results were reported in detail on 21 January 2016). Work is underway to deliver a maiden JORC resource for Ulanzi and Epanko north during February.

The successful infill programme highlighted that significantly more resource tonnes could be obtained from limited additional drilling. The objective is to define additional high grade (>10% TGC) zones at surface with potential for free digging to enhance project economics for the first 5-10 years of operation.

Mahenge Mine evaluation programme The metallurgical test work programme is progressing as planned with completion expected in February, which will then allow marketing to proceed. A scoping study has commenced to provide initial economic parameters and guidance for process plant design. A more detailed pre feasibility study is planned to develop from the scoping study findings.

Mahenge infill drilling programme - Ulanzi

The Ulanzi infill programme completed 31 holes by December 2015, adding to the initial 17 discovery holes for a total of 48 drill holes, totaling 3,980m. Infill drilling has confirmed continuity of graphite mineralisation along and across strike and significantly increased the size of the Ulanzi lode. Of note, the new data shows that portions of the Ulanzi lode show graphite enrichment at the footwall and hanging wall, indicating potential to selectively target zones of surface mineralisation at grades of 10-15% TGC for early years of production. This will be reviewed as part of the current scoping study.

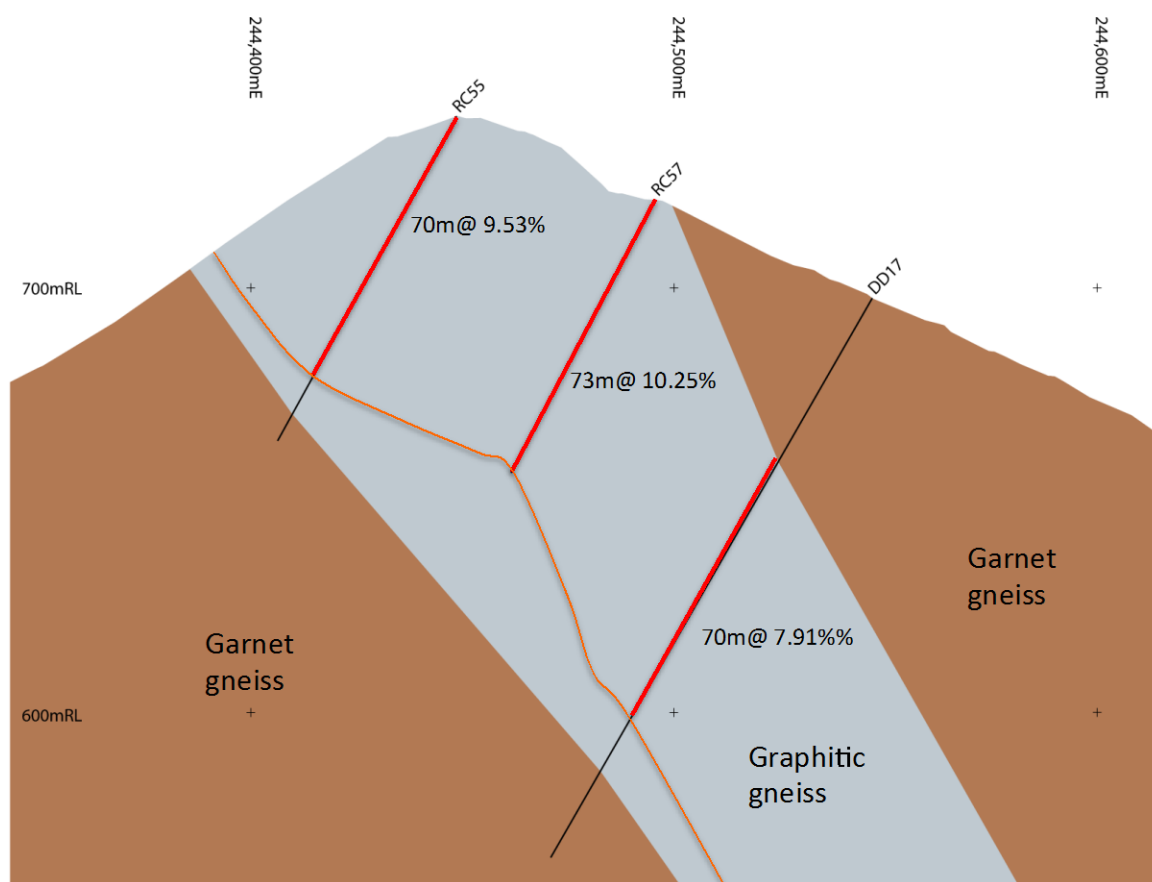


Figure 1. Cross section at 9043750N showing consistent intercepts of graphitic mineralisation. Note the location of mineralisation on top of a steep ridge, which offers good potential for low strip ratios for mining up to 100m vertical depth

Final Drill programme

The recent drill data also indicates that a modest amount of additional drilling has good potential to significantly increase the overall graphite mineralised zone at Ulanzi and highlight additional high grade areas at or near surface. A decision has been made to utilise the drill rigs parked onsite over the Christmas break and drill an additional 20 drill holes.

10-12 additional drill holes are also planned at Cascade to follow up the consistent >10-11% TGC zones from the four holes drilled in 2015. The Cascade western lode structure is 1km in length with only four holes drilled to date at the northern end.

This drilling will be additional to the JORC resource to be announced in February from drilling completed to the end of 2015, however is expected to be incorporated into an updated JORC resource in March/April 2015.

First Round Drilling (previously reported 10 November 2015)

| | From | To | Metres | Interval | Including |
|---------------|------|-----|--------|-------------|---------------------------|
| DD14 | 0 | 92 | 92 | 92m@ 8.5% | 14m@11.00% and 12m@14.00% |
| DD15 | 0 | 16 | 16 | 16m@ 8.09 | 8m@11.64% from 8-16m |
| DD15 (Cont'd) | 54 | 118 | 64 | 64m@ 7.6% | 56m@ 8.02% from 62-118m |
| RC45 | 0 | 80 | 80 | 80m@ 9.07% | 28m@ 10.12% from 52-80m |
| RC46 | 0 | 32 | 32 | 32m@ 9.25% | 20m@ 11.86% from 52-80m |
| RC48 | 2 | 62 | 60 | 60m@ 9.89% | 12m@ 13.00% from 50-62m |
| RC49 | 0 | 34 | 34 | 34m@ 10.57% | |
| RC50 | 0 | 52 | 52 | 52m@ 10.4% | 8m@13.81% from 44-52m |
| RC51 | 0 | 54 | 54 | 54m@ 10.08% | 14m@12.48% from 40-54m |
| RC52 | 0 | 68 | 68 | 68m@ 9.07% | 56m@ 10.04% from 2-58 |
| RC53 | 0 | 54 | 54 | 54m@ 9.79% | 10m@ 17.74% from 2-12m |
| RC54 | 0 | 52 | 52 | 52m@ 8.95% | 18m@ 10.28 from 0-18m |
| RC55 | 0 | 70 | 70 | 70m@ 9.53% | 54m@ 10.06% from 16-70m |
| RC56 | 0 | 18 | 18 | 60m@ 9.65% | 24m@ 12.23% from 0-24m |
| RC57 | 0 | 73 | 73 | 73m@ 10.25% | 20m@ 14.58% from 18-38m |
| RC58 | 2 | 72 | 70 | 70m@ 8.85% | 12m@ 9.69% from 2-14m |
| RC59 | 0 | 54 | 54 | 54m@ 8.89% | 28m@ 9.23% from 0-28m |
| RC60 | 0 | 64 | 64 | 64m@ 8.86% | 38m@ 10.01% from 2-40m |

New results from Ulanzi infill programme

| Hole ID | from | to | Metres | Interval | including |
|---------|------|-----|--------|--------------------------|-------------------------------|
| DD16 | 0 | 68 | 68 | 68m@ 8.92% | inc 32m@10.04% or 12m@14.99% |
| DD17 | 56 | 126 | 70 | 70m@ 7.91% | inc 20m@10.21% |
| DD18 | 2 | 124 | 122 | 122m@ 6.82% | inc 46m@8.16% |
| DD19 | 12 | 70 | 58 | 58m@ 8.04% | inc 12m@ 9.44% |
| RC61 | 0 | 58 | 58 | 58m@ 6.93% | |
| RC62 | 2 | 50 | 48 | 48m@ 8.32% | inc 16m@ 11.20% |
| RC63 | 0 | 70 | 70 | 70m@ 8.01% | inc 16m@ 9.33% |
| RC64 | 0 | 122 | 122 | 118m@ 7.99% | inc 52m@8.66% and 54m@8.2% |
| RC65 | 0 | 78 | 78 | 48m@ 7.09% | inc 6m@ 9.72% and 26m@8.80% |
| RC66 | 6 | 86 | 80 | 80m@ 6.89% | inc 10m@11.79% and 28m@8.30% |
| RC67 | 0 | 78 | 78 | 78m@ 7.23% | inc 36m@8.51% |
| RC68 | 0 | 54 | 54 | 54m@ 8.22% | inc 10m@12.15% |
| RC69 | 12 | 66 | 54 | 54m@ 7.43% | inc 34m@8.02% |
| RC70 | 2 | 16 | 14 | 14m@ 10.36% | |
| RC71 | 12 | 66 | 54 | 54m@ 7.75% | inc 34m@ 8.09% or 10m@10.13% |
| RC72 | 0 | 50 | 50 | 50m@ 6.18% | inc 12m@9.57% |
| RC73 | 8 | 42 | 34 | 34m@ 8.02% | |
| RC74 | 4 | 48 | 44 | 44m@ 7.91% | inc 18m@ 9.02% |
| RC75 | 12 | 64 | 52 | 52m@ 8.01% | inc 12m@10.45% |
| RC76 | 30 | 76 | 46 | 46m@ 7.20% | |
| RC77 | 62 | 92 | 30 | 30m@ 8.00% | |
| RC78 | 6 | 60 | 54 | 54m@ 8.26% | |
| RC79 | 4 | 92 | 88 | 88m@ 7.59% | inc 12m@10.45% and 14m@9.56% |
| RC80 | 32 | 40 | 8 | 8m@ 10.46% | |
| RC81 | 0 | 30 | 30 | 30m@ 8.31% | inc 18m@10.32% |
| RC82 | 0 | 38 | 38 | 38m@ 8.42% | |
| RC83 | 38 | 60 | 22 | 22m@ 9.74% and 8m@ 9.51% | |
| RC84 | 4 | 76 | 72 | 72m@ 7.85% | inc 8m@ 10.41% and 14m@10.27% |
| RC85 | 0 | 52 | 52 | 52m@ 7.67% | |
| RC86 | 34 | 112 | 78 | 78m@ 8.57% | inc 50m@10.14% |
| RC87 | 8 | 92 | 84 | 84m@ 9.38% | inc 32m@ 14.70% |

Table 1. Summary of Ulanzi drill hole results to date. Blue results are from the initial 17 hole programme reported 10 November 2015 and black results are new results from the recently completed 31 hole programme, reported 21 January.

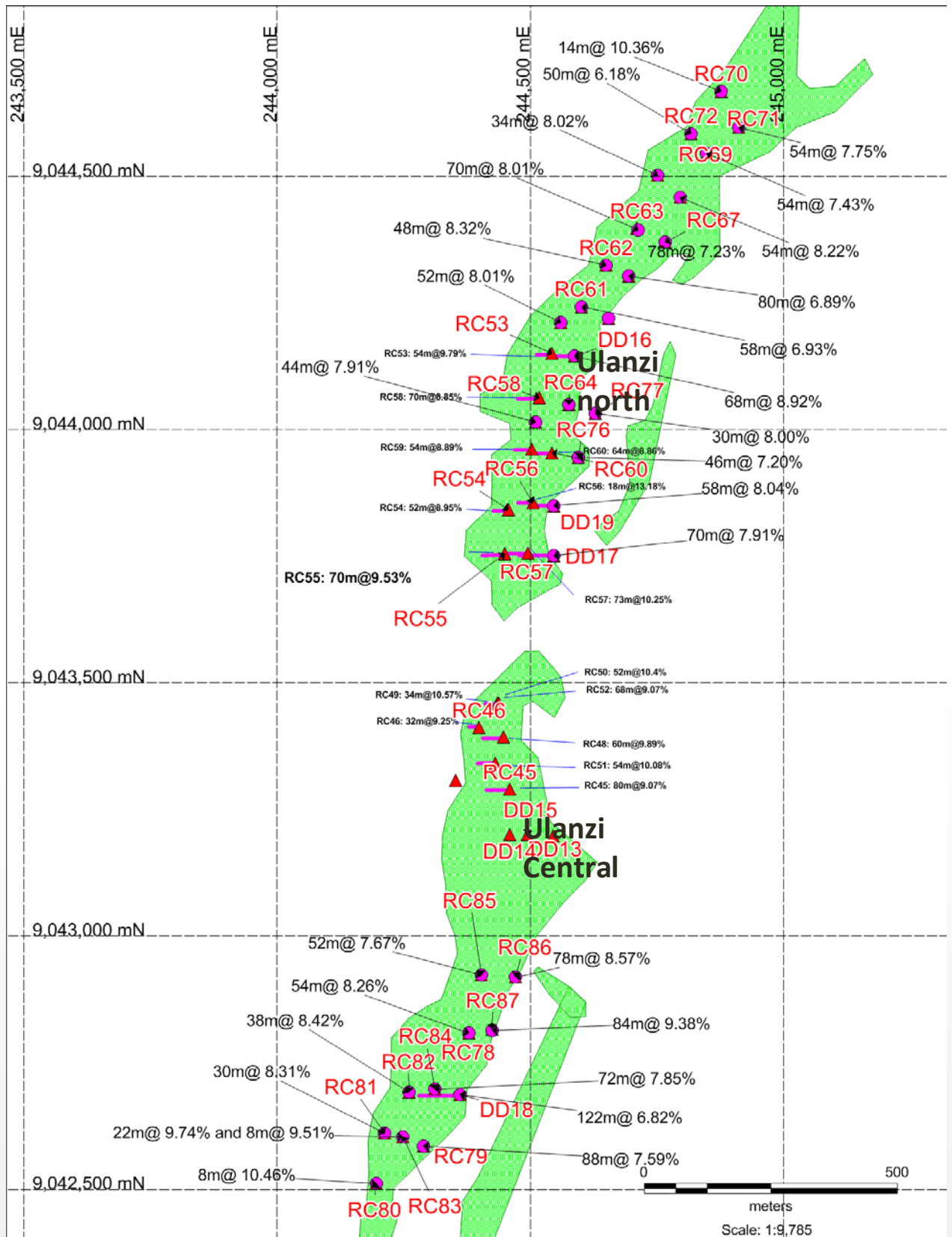


Figure 1. Drill plan showing hole collars for 2.2km of the 5.5km long Ulanzi structure. Green shaded area is the graphitic surface footprint, located on a steeply dipping ridge.

Summary

- The December 2015 quarter saw the Ulanzi infill drill programme successfully deliver 31 holes, considerably increasing the size of the Ulanzi mineralised zone and demonstrating continuity of graphite mineralisation both along and across strike. This programme delivered a number of mineralised intercepts grading >10% TGC
- A detailed metallurgical programme began in November to:
 - I. conduct formal test work of Ulanzi and Epanko north core
 - II. produce concentrate from an Ulanzi 500kg bulk sample
- The Bagamoyo project area was optioned evaluated and drilled. The company decided not to proceed with the option to purchase Bagamoyo in order to focus on the development of its Mahenge project
- The \$5m capital raising during the December Quarter has provided funds to complete the above programme

Planned work for Current Quarter

- An initial JORC resource calculation is underway for Ulanzi, Epanko north and Cascade lodes, and is expected in February
- A final drill programme is underway to define additional high grade zones at Ulanzi and to develop a resource at the high grade Cascade western lode
- Metallurgical test work is nearing completion and expected to be announced in February, together with the production of graphite concentrates from core and a 500kg bulk sample. The concentrates will pave the way to commence marketing of graphite concentrates.
- Additional test work is being considered to determine the suitability of Mahenge concentrates to produce spherical graphite, expandable graphite and graphene.
- A scoping study is underway to determine the high-level economic viability of a mining operation at Mahenge. If positive, the scoping study is intended to lead into a more detailed pre feasibility programme

Managing Director of Black Rock Mining commented: *“The December quarter saw the 48th hole drilled at Ulanzi since its discovery in mid 2015, an excellent result by the Tanzanian field team. The infill results indicate that this prospect is well positioned to deliver a significant preliminary JORC resource in February. A final drill programme will more comprehensively define three portions of the Ulanzi structure and drill test the high grade Cascade western lode. Subsequent work will focus on the commercialisation of the Mahenge project with metallurgical test work nearing completion, commencement of marketing, a JORC resource expected shortly and the scoping study underway.”*

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About Black Rock Mining

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange. The Company has graphite tenure in the Mahenge region, Tanzania, a country which hosts world-class graphite mineralisation. Drilling of the Epanko north prospect was completed in August 2015 and infill drilling of two new graphite discoveries, the Ulanzi and Cascade prospects, is nearing completion. The Company plans to announce a Mahenge JORC compliant resource in February 2015 and then commercialise the project.

The company is building a skill and knowledge base to become an explorer, developer and diversified holder of resources. Shareholder value will be added by:

- *identifying and securing projects with economic potential*
- *focussing on tenure that can be commercialised by converting into JORC compliant resources; and*
- *taking these resources into production*

Our focus is on establishing a JORC resource from three advanced prospects at Mahenge, Ulanzi, Epanko north and Cascade, whilst further adding resource upside through exploration at Kituti.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Steven Tambanis, who is a member of the AusIMM. He is an employee of Black Rock Mining Limited. Steven Tambanis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steven Tambanis consents to the inclusion in the report of the matters based on their information in the form and context in which it appears, including the Exploration target, previously announced on 19 October 2015.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code explanation | Commentary |
|-----------------------|---|---|
| Sampling techniques | <ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | <ul style="list-style-type: none"> The Company has taken all care to ensure no material containing additional carbon has contaminated the samples All samples are individually labeled and logged Drill sampling consisted of quarter core sampling of diamond core on a 2m sample interval. RC samples were riffle split on an individual 1m interval then composited as two x 1m samples per sample submitted to the laboratory. |
| Drilling techniques | <ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | <ul style="list-style-type: none"> Both diamond core (HQ single tube) and reverse circulation (6" face sampling) drilling methods have been used |
| Drill sample recovery | <ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | <ul style="list-style-type: none"> Drill sample recoveries have been measured for all holes and found to be good |
| Logging | <ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. Drill logging of diamond core and RC | <ul style="list-style-type: none"> All drill holes have been comprehensively logged for lithology, mineralisation, recoveries, orientation, structure and RQD (core). All drill holes have been |

| Criteria | JORC Code explanation | Commentary |
|--|--|--|
| | | <p>photographed. Sawn diamond core has been retained for a record in core trays. RC chips stored in both chip trays and 1-3kg individual metre samples as a record.</p> |
| <p><i>Sub-sampling techniques and sample preparation</i></p> | <ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> | <ul style="list-style-type: none"> • Diamond core samples were halved with one half then quartered. A quarter core sample was taken for laboratory analysis. The remaining quarter core sample is retained for a record and a half core sample retained for metallurgical testwork. • RC samples were collected for every down-hole metre in a separate RC bag. Each metre sample was split through a three-tier riffle splitter and a 1.5kg sample taken of each metre. Two one-metre samples, totaling 3kg in weight were composited for assay submission. |
| <p><i>Quality of assay data and laboratory tests</i></p> | <ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> | <ul style="list-style-type: none"> • The samples were sent to Mwanza in Tanzania for preparation and pulps were then sent to Brisbane for carbon analysis: Total Graphitic Carbon (TGC) C-IR18 LECO Total Carbon. • Graphitic C is determined by digesting sample in 50% HCl to evolve carbonate as CO₂. Residue is filtered, washed, dried and then roasted at 425C. The roasted residue is analysed for carbon by high temperature Leco furnace with infra red detection. Method Precision: ± 15% Reporting Limit: 0.02 - 100ppm • Some of the samples were analysed for Multi-elements using ME-ICP81 sodium peroxide fusion and dissolution with elements determined by ICP. • Some of the samples were analysed for Multi-elements using ME-MS61 for 48 elements using a HF-HNO₃-HClO₄ acid digestion, HCl leach followed by ICP-AES and ICP-MS analysis. • Some of the samples were analysed for Multi-elements using ME-MS81 using lithium borate fusion and ICP-MS determination for 38 elements. • All analysis has been carried out by certified laboratory – ALSchemex. TGC is the most appropriate method to analyse for graphitic carbon and it is total analysis. ALSchemex inserted its own standards and blanks and completed its own QAQC for each batch of samples • BKT inserted certified standard material, blank or duplicate at a rate of one in twenty samples. • BKT is satisfied the TGC results are accurate and precise |
| <p><i>Verification of sampling and assaying</i></p> | <ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> | <ul style="list-style-type: none"> • The data has been manually updated into a master spreadsheet which is considered to be appropriate for this early stage in the exploration program • |

| Criteria | JORC Code explanation | Commentary |
|---|--|--|
| | <ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. | |
| Location of data points | <ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. | <ul style="list-style-type: none"> A handheld GPS was used to identify the positions of the pits in the field The handheld GPS has an accuracy of +/- 5m The datum is used is: WGS84, zone 37 south Drill collars have been surveyed with a DGPS for sub-metre accuracy and the Ulanzi, Cascade and Epanko north prospects have been surveyed with a high resolution aerial drone to generate an accurate contour map and high resolution photo image. |
| Data spacing and distribution | <ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. | <ul style="list-style-type: none"> No sample compositing has been applied. |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | <ul style="list-style-type: none"> Drilling is oriented perpendicular to mineralisation or as close to perpendicular to mineralisation as possible. |
| Sample security | <ul style="list-style-type: none"> The measures taken to ensure sample security. | <ul style="list-style-type: none"> The samples were taken under the supervision of an experienced geologist employed as a consultant to BKT The samples were transferred under BKT supervision from site to the local town of Mahenge where the samples were then transported from Mahenge to Dar es Salaam and then transported to Mwanza where they were inspected and then delivered directly to ALSChemex process facility. Chain of custody protocols were observed to ensure the samples were not tampered with post sampling and until delivery to the laboratory for preparation and analysis Transport of the pulps from Tanzania to Australia was under the supervision of ALSChemex |
| Audits or reviews | <ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. | <ul style="list-style-type: none"> Trenching and drilling information collected by BKT has been evaluated for sampling techniques, appropriateness of methods and data accuracy by an external geological consultant. |

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| <i>Mineral tenement and land tenure status</i> | <ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | <ul style="list-style-type: none"> The sampling was undertaken on granted license PL 7802/2012 It has an area of 293km² The license is 100% owned by BKT Landowners of nearby villages were supportive of the recently completed sampling and exploration program. |
| <i>Exploration done by other parties</i> | <ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. | <ul style="list-style-type: none"> Previous explorers completed some limited RC drilling and rockchip sampling but the original data has not been located apart from what has been announced via ASX release by Kibaran Resources during 2011 and 2013 |
| <i>Drill hole Information</i> | <ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | <ul style="list-style-type: none"> All drill hole information has been retained and compiled into a drilling database. At this early stage of exploration only the assay data has been released together with hole length, a plan locality map of drill holes and down hole intervals. |
| <i>Data aggregation methods</i> | <ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. | <ul style="list-style-type: none"> No data aggregation methods have been carried out on the data. |
| <i>Relationship between mineralisation widths and intercept lengths</i> | <ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | <ul style="list-style-type: none"> Drill hole results are reported in down-hole metres. Sufficient drilling has been completed at the main prospects to understand the orientation of mineralised lodes Further additional widespread surface sampling, mapping and drilling is required to fully understand the geometry of the graphite mineralisation |

| Criteria | JORC Code explanation | Commentary |
|---|--|--|
| <i>Diagrams</i> | <ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> | <ul style="list-style-type: none"> • Figures show plan location of drill holes, appropriately scaled and referenced. |
| <i>Balanced reporting</i> | <ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> | <ul style="list-style-type: none"> • All drilling results have been reported for graphite |
| <i>Other substantive exploration data</i> | <ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> | <ul style="list-style-type: none"> • 1 in 10 samples from the drill programme were assayed for deleterious elements using a 40 element ICP method. No deleterious elements were observed, with background levels of uranium and thorium. |
| <i>Further work</i> | <ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> | <ul style="list-style-type: none"> • Further surface sampling techniques that may include pitting & trenching with mapping and drilling (diamond core and RC). Continuation of infill and extensional drill programme at Epanko north. • Initial metallurgical testwork – flotation and particle sizing • Data compilation and analysis, target generation and ranking prior to drilling. |

| Criteria | JORC Code explanation | Commentary |
|--------------------|---|---|
| Exploration Target | <i>In any statement referring to potential quantity and grade of the target, these must both be expressed as ranges and must include</i> | Exploration target is a combined 84 to 115.5 Mt at a grade range of 8.66-10.34% TGC for 4 prospects within GRK's Mahenge North tenure package: Epanko North lodes, Cascade and Ulanzi prospects |
| | <i>a detailed explanation of the basis for the statement, including specific description of the level of exploration activity already completed, and</i> | GRK's exploration program is at a relatively early stage and has involved the mapping of graphite-rich lithological units, rock chip sampling/analysis, trenching/pitting analysis and two phases of RC and DD drilling over the 4 main prospect areas. The trenching and pitting programs have been a valuable tool in highlighting areas of either sub-cropping or buried graphite schist that has allowed the company to focus its drill metres and increase the success rate of intersecting graphite mineralisation. The Exploration Target has been derived as a range for the 4 Mahenge prospects using a number of parameters/variables (varying width and depth with a consistent strike and a density of 2.6t/m ³ . The grade ranges are only based on RC and DD drill assay information and the lower grade has been determined using a 2.5% TGC cut off and the upper grade has been determined using a 7.5% TGC cut-off. The range of tonnages has been determined using a consistent strike length and varying schist thickness and a range of depths. The grade ranges for each prospect were calculated by using the drill datasets available at each prospect (refer to Table 2) and then calculating the weighted average for each population above a 2.5% TGC cut-off and also for a 7.5% TGC cut off using the mid point tonnage for each range as the average tonnage |
| | <i>a clarification statement within the same paragraph as the first reference of the Exploration Target in the Public Report, stating that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.</i> | At Mahenge the potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource |
| | <i>If a Public Report includes an Exploration Target the proposed exploration activities designed to test the validity of the exploration target must be detailed and the timeframe within which those activities are expected to be completed must be specified</i> | The Company is currently in the process of planning and executing additional RC and DD programmes into the prospects defined at Mahenge. The drill program is designed to infill and confirm the depth extents of the mineralisation and gain further understanding of the potential width and grades. The drilling will continue to provide a three dimensional view of the graphite mineralisation and will potentially assist in defining future JORC 2012 Mineral Resource Estimations over the prospects. It is anticipated the current program will continue from January into February/March 2016. The Company also intends to use core samples to continue density measurements and to complete of metallurgical test work to firm up potential recoveries, flake sizing and initial processing flow sheets to confirm the Company. |
| | <i>A Public Report that includes an Exploration Target must be accompanied by a Competent Person statement taking responsibility for the form and context in which the Exploration Target appears</i> | <i>The information in this report that relates to Exploration Results is based on information compiled by Brendan Cummins, who is a member of the Australian Institute of Geoscientists. He is a consultant to Black Rock Mining Limited. Brendan Cummins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brendan Cummins consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.</i> |

For an Exploration Target based on Exploration Results, a summary of the relevant exploration data available and the nature of the results should also be stated, including a disclosure of the current drill hole or sampling spacing and relevant plans or sections

Table 1 Surface Exploration activity summary

| Exploration Activity | Number of Activity | Trench Samples | Pit Samples |
|--|--------------------|----------------|-------------|
| Mahenge North total rock chip sampling | 66 | - | - |
| Epanko North: West zone | | 435 | |
| Epanko North: Middle zone | | 132 | |
| Cascade | 1 | 437 | 168 |
| Ulanzi | | 24 | 483 |

Table 2 Drill statistics by each prospect from Mahenge North prospect

| Drilling activities | Type of Activity | Holes | Metres drilled | Average depth |
|---------------------------|------------------|----------------|----------------|----------------|
| Epanko North: West zone | RC | 36 | 3262 | 88 |
| | DD | 9 | 1219.3 | 135.5 |
| Epanko North: Middle zone | RC | 4 | 158 | 40 |
| | DD | 3 | 194.06 | 64.69 |
| Cascade | RC | 4 | 399 | 100 |
| | DD | | | |
| Ulanzi | RC | 16 | 1106 | 69 |
| | DD | 3 | 360.94 | 120.31 |
| Total | | 75holes | 6700m | Ave 88m |

- Drill spacing at Epanko North West zone has been completed on a 50 x50m grid extending over 800m of strike with the remaining strike restricted to isolated drill positions every few hundred metres depending on access
- Drill spacing at Epanko North East zone has been restricted to areas of access and has not had any systematic drilling
- Drill spacing at Cascade has been restricted to areas of access and has not had any systematic drilling. The strike extent covered by drilling is 300m
- Drill spacing at Ulanzi has been completed on a 100x50m grid extending over 1000m of strike

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

| |
|----------------------------------|
| Black Rock Mining Limited |
|----------------------------------|

ABN

| |
|-----------------------|
| 59 094 551 336 |
|-----------------------|

Quarter ended ("current quarter")

| |
|-------------------------|
| 31 December 2015 |
|-------------------------|

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | 0 | 0 |
| 1.2 Payments for | | |
| (a) exploration & evaluation – graphite | (1,131) | (2,142) |
| (b) exploration & evaluation – geothermal | 0 | 0 |
| (c) exploration & evaluation – hydrocarbon | 0 | 0 |
| (d) development | 0 | 0 |
| (e) production | 0 | 0 |
| (f) administration | (362) | (517) |
| 1.3 Dividends received | 0 | 0 |
| 1.4 Interest and other items of a similar nature received | 1 | 3 |
| 1.5 Interest and other costs of finance paid | 0 | 0 |
| 1.6 Income taxes paid | 0 | 0 |
| 1.7 Other (provide details if material) – employee entitlement for annual leave and long service leave for redundant employee | 0 | 0 |
| 1.8 Other (provide details if material) – research and development incentive received | 0 | 0 |
| Net Operating Cash Flows | (1,492) | (2,656) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | 0 | 0 |
| (b) equity investments | 0 | 0 |
| (c) other fixed assets | 0 | 0 |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | 0 | 0 |
| (b) equity investments | 238 | 238 |
| (c) other fixed assets | 0 | 0 |
| 1.10 Loans to other entities | 0 | 0 |
| 1.11 Loans repaid by other entities | 0 | 0 |
| 1.12 Other (provide details if material) | 0 | 0 |
| Net investing cash flows | 238 | 238 |
| 1.13 Total operating and investing cash flows (carried forward) | (1,254) | (2,418) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

| | | | |
|---|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,254) | (2,418) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 4,164 | 4,164 |
| 1.15 | Proceeds from sale of forfeited shares | 0 | 0 |
| 1.16 | Proceeds from borrowings | 0 | 0 |
| 1.17 | Repayment of borrowings | 0 | 0 |
| 1.18 | Dividends paid | 0 | 0 |
| 1.19 | Other (share issue costs) | (147) | (156) |
| | Net financing cash flows | 4,017 | 4,008 |
| | Net increase (decrease) in cash held | 2,763 | 1,590 |
| 1.20 | Cash at beginning of quarter/year to date | 1,292 | 2,490 |
| 1.21 | Exchange rate adjustments to item 1.20 | 60 | 35 |
| 1.22 | Cash at end of quarter | 4,115 | 4,115 |

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 225 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | 0 |

1.25 Explanation necessary for an understanding of the transactions

Director related payments relate to both Executive and Non-Executive Director fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|-----|
| N/A |
|-----|

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 0 | 0 |
| 3.2 Credit standby arrangements | 0 | 0 |

Estimated cash outflows for next quarter

| | \$A'000 |
|----------------------------------|------------|
| 4.1 Exploration and evaluation – | 375 |
| 4.2 Development | 0 |
| 4.3 Production | 0 |
| 4.4 Administration | 150 |
| Total | 525 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 4,115 | 1,292 |
| 5.2 Deposits at call | 0 | 0 |
| 5.3 Bank overdraft | 0 | 0 |
| 5.4 Other (Funds held within Trust Account) | 0 | 0 |
| Total: cash at end of quarter (item 1.22) | 4,115 | 1,292 |

+ See chapter 19 for defined terms.

| | | | | | |
|------|---|---|---|--|--|
| 7.5 | +Convertible debt securities <i>(description)</i> | Nil | Nil | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | Nil | Nil | | |
| 7.7 | Options <i>(description and conversion factor)</i> | Listed Options 40,145,000 Total Listed 40,145,000 Unlisted Options 100,000 375,000 3,300,003 10,058,444 18,269,322 Total Unlisted 32,102,769 | 40,145,000 Nil Nil Nil Nil Nil | Exercise price 5 cents 0.16 cents 0.06 cents 0.20 cents 0.075 cents 0.075 cents | Expiry date 25 March 2017 11 June 2016 28 November 2016 19 January 2018 30 November 2018 30 November 2018 |
| 7.8 | Issued during quarter | Listed Options Nil Unlisted Options 28,327,766 | | | |
| 7.9 | Exercised during quarter | Listed Options Nil Unlisted Options Nil | | | |
| 7.10 | Expired during quarter | Listed Options Nil Unlisted Options 95,000 | | | |
| 7.11 | Debentures <i>(totals only)</i> | Nil | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | Nil | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

29 January 2016

Mr Gabriel Chiappini
Director

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.