



## **JUNE 2022 QUARTERLY ACTIVITIES REPORT**

### **HIGHLIGHTS**

- **Balance sheet strengthened following A\$25M Placement completed with institutional and sophisticated investors**
- **FEED workstreams significantly advanced with an independent technical review expected to be completed this quarter**
- **Ongoing positive engagement with customers and financial institutions with respect to debt financing activities; Targeting credit-approved debt term sheets in Q4 CY22**
- **Graphite prices for Mahenge's products held up well during the quarter, Benchmark Mineral Intelligence (BMI) expects graphite market to finish CY22 in deficit**
- **Continued build-out of organisational capacity through key appointments:**
  - **Mr Paul Sims commenced in his role as Chief Financial Officer;**
  - **Mr James Doyle appointed Company Secretary; and**
  - **Board and CEO recruitment progressed for Tanzanian JV Co, Faru Graphite Corporation.**
- **A\$26.2M cash at bank as at 30 June 2022**

**Tanzanian graphite developer Black Rock Mining Limited** (BKT: ASX) (**Black Rock** or the **Company**) is pleased to provide an update on activities at its Mahenge Graphite Project (**Mahenge**) in Tanzania for the quarter ending 30 June 2022.

### **Mahenge Graphite Project**

#### **Front End Engineering Design (FEED)**

FEED workstream was 95% complete at quarter end with remaining items subject to Independent Technical Expert (**ITE**) review. Workflow includes detailed engineering, cost estimation and development of Project Execution and Operational Readiness plans. ITE review of the technical work stream is expected to be completed this quarter.

The Company notes that delivery of certain long lead items of plant has increased over the last couple of quarters with potential impacts on schedule. A schedule optimisation process is underway which is expected to be finalised this quarter.

#### **Sustainability**

During the quarter the Company significantly advanced planning and initiation activities for the initial resettlement activities pursuant to the agreed Resettlement Action Plan (**RAP**) at Mahenge. As part of project development activities, Black Rock has agreed to acquire land proximal to mining operations. This has been well communicated to all stakeholders as part of ongoing community and Environmental, Social and Governance initiatives. Black Rock previously finalised field activities with Project Affected Persons associated with the Mahenge RAP (refer ASX Announcement 11 May 2020).

Resettlement activities are planned to occur in a staged manner with an initial focus on priority areas required for the mill, dry tailings storage and open pits for planned Modules One and Two. The total compensation

package is US\$7.9m including Top Ups required to meet IFC Performance Standards and Equator Principals - EP2 (Social Impact) and EP5 (Stakeholder Engagement). The Company is able to access work areas for early works 90 days after compensation has been paid. Subsequent to 30 June 2022, the Company announced it had commenced the RAP compensation process (see ASX announcement 25 July 2022).

## **Corporate**

### **Placement**

On 16 May 2022, the Company announced that it had completed the issue of 104,166,667 ordinary shares to raise A\$25M (before costs) at an issue price of A\$0.24 per share (**Placement**). The Placement shares were issued pursuant to the Company's placement capacity under ASX Listing Rules 7.1 (16,864,131 Placement shares) and 7.1A (87,302,536 Placement shares).

The issue price of A\$0.24 per share represented a:

- 12.7% discount to the last closing price of Black Rock shares on 3 May 2022 of A\$0.275 per share; and
- 13.8% discount to 5-day volume weighted average of A\$0.278 per share.

Proceeds from the Placement will be used to advance the development of Mahenge, including payment of resettlement compensation, early works program, the purchase of long lead items, and for general and corporate purposes. Shaw and Partners Limited and Aitken Mount Capital Partners acted as Joint Lead Managers to the Placement, who were also supported by Petra Capital, Blue Ocean Equities and PAC Partners.

### **Debt Financing Activities**

Black Rock continued to make good progress on its debt financing activities during the quarter with several important milestones achieved. The Company is planning to maximise project debt and is targeting up to 50-60% of project funding via traditional project finance which it is aiming to finalise over the next few months.

ITE reports for both the technical and environmental and social aspects of the project are nearing completion as is the expert's report on the graphite market. The ITE process is designed to meet the IFC Performance Standards and the Equator Principals as is required for international banks and multilateral institutions. This level of compliance with these internationally recognised ESG frameworks strongly differentiates the Company within the sector.

During the quarter, the Company also received a letter from the Mining Commission in Tanzania confirming approval for foreign lenders to participate in the Mahenge debt financing process – a critical milestone for the Company.

An encouraging number of lenders are actively engaged in the Mahenge debt financing process and have signed Confidentiality Agreements in anticipation of accessing the data room, which is expected to open this quarter. On the current schedule, the Company is aiming to have to have credit-approved debt term sheets in Q4 CY22.

Major construction activities are planned to commence in Q4 CY22 and the Company is targeting first production in Q1/Q2 CY24 on the eDFS construction schedule.

## Market Outlook for Graphite – Expected to finish CY22 in deficit

Ongoing strong demand growth for battery products continued to support the graphite market in Q2 CY22, tempered somewhat by weakening demand for steel due to slowing industrial demand. Benchmark Mineral Intelligence (**BMI**) still expects the graphite market to finish CY22 in deficit which is expected to be positive for the outlook for graphite prices.

Chinese graphite supply stalled during the quarter due COVID-19 shutdowns and environmental inspections and closures in China. Forecast market deficits in CY22 could also be exacerbated by supply disruptions in Mozambique and further disruptions in China due to ongoing COVID-19, unresolved environmental constraints and availability of grid power.

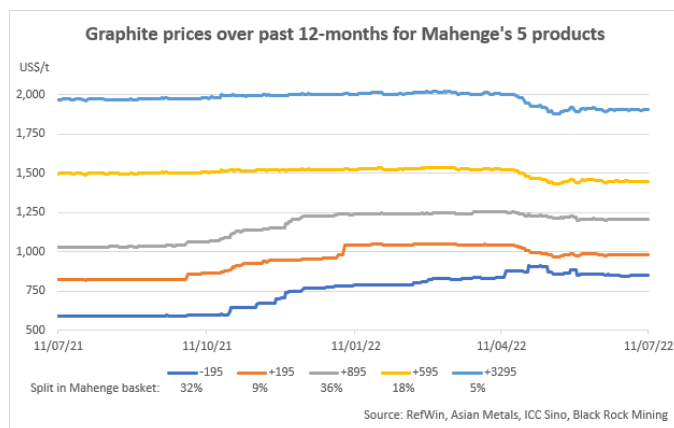
The Company notes that some flake from qualified brands at the smaller end of the market (+100 mesh) is currently being redirected from large flake applications to be milled down for anode supply. Size distribution within the Chinese supply chain suggests this will be an incremental supply solution with overall demand continuing at double digit growth rates.

During Q2 CY22, BMI revised its flake graphite concentrate prices up by 8.2% on average, with battery pressures setting -100 mesh pricing on course to the mid-US\$700s/tonne level in H2, the highest price for the grade since 2018.

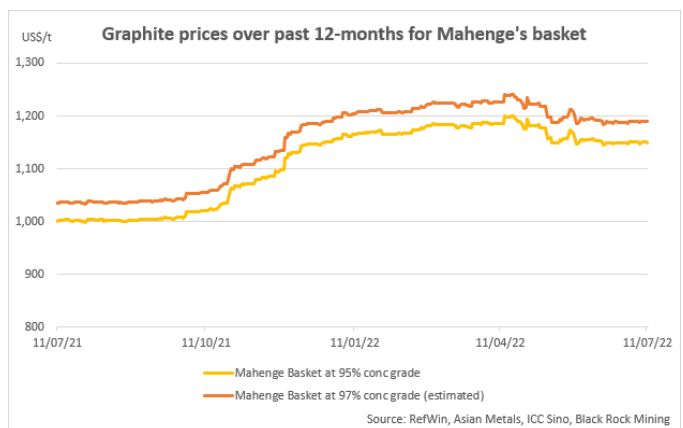
Higher feedstock pricing and robust anode utilization rates are now expected to see spherical graphite prices (10 micron, 99.95% C) climb to US\$3,450/tonne in 2022 and \$3,925 in 2023.

## Graphite prices holding up well

Unlike most commodity prices, graphite prices held firm over the last quarter and prices for all of Mahenge's target products were either flat or up in RMB terms over the last 3 months. However, the USD strengthened against the RMB by ~5% during the quarter, which led to a modest softening of graphite concentrate prices in USD terms as shown in the charts below.



**Figure 1 – Graphite pricing by Mahenge product (last 12 months)**



**Figure 2 – Consolidated Mahenge basket pricing (last 12 months)**



## Investor Events

During the quarter, the Company attended a number of investor events to deliver updates on the outlook for graphite as electrification of transport continues to drive market demand for Graphite.



**Figure 3 – MD/CEO John de Vries presenting at the Credit Suisse Australia Forum for Energy security amidst ESG transition (June, Sydney)**



**Figure 4 - MD/CEO John de Vries presenting at the Paydirt Africa Unlocked Conference (June, Perth)**

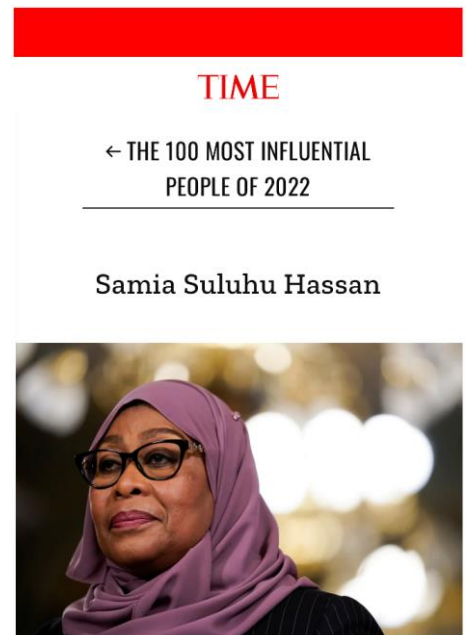
## Activities in Tanzania

Black Rock would like to acknowledge the tremendous work by Tanzanian President, Samia Suluhu Hassan, who was recently selected in the “100 Most Influential People of 2022” list by Time.

Since taking office in March 2021, President Hassan has made a significant difference to Tanzania, in particular with respect to opening a dialogue with the mining, business, and investment communities to drive positive and mutual outcomes for the people of Tanzania.

Black Rock is fortunate to have secured a joint-venture working partnership with the Tanzanian Government to develop the world-class Mahenge Graphite mine.

Congratulations to President Samia Suluhu Hassan for this well deserved recognition.







**Figure 5 – MD/CEO John de Vries on site at Mahenge during the quarter**



**Figure 6 - MD/CEO John de Vries receiving a briefing from the Mahenge project team**



**Figure 7 - MD/CEO John de Vries presenting a project update to local village leaders**



**Figure 8 – Government officials undertaking a Mahenge site visit during the quarter**

### **Key Management Changes**

During the quarter, the Company welcomed Mr Paul Sims and Mr James Doyle to roles of Chief Financial Officer and Company Secretary, respectively.

## Capital Management

The Company had cash reserves of A\$26.2M as at 30 June 2022.

## Payments to, or to an associate of, a related party of the entity during quarter

During the quarter A\$166,010 was paid to related parties of the Company relating to executive director salary and non- executive director fees.

## Summary of the exploration and evaluation expenditure incurred during the quarter

	A\$'000
Consulting	1,640
Site costs	28
Test work	80
Early Contractor work	56
RAP	236
<b>Total</b>	<b>2,040</b>

## Tenement summary

License number	Opening	Additions	Disposals	Closing
ML 611/2019*	100%	-	-	100%
ML 612/2019*	100%	-	-	100%
PL 11486/2020*	100%	-	-	100%
PL 10427/2014*	100%	-	-	100%

\* Located in the Mahenge region of Tanzania. No farm-in or farm-out agreements were entered into during the quarter.

~ Tenement not renewed at its second annual renewal date.

## 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

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange (ASX: **BKT**). The Company has an 84% interest in the world-class Mahenge Graphite Project (**Mahenge**) located in Tanzania. Mahenge has a JORC compliant Mineral Resource Estimate of 213m tonnes at 7.8% TGC and 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.

In October 2018, the Company released a Definitive Feasibility Study (**DFS**) for Mahenge, which was based on strong customer demand. This was enhanced (**eDFS**) in July 2019 (ASX Announcement 25 July 2019), and demonstrated 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 600 tonnes; and
- *Superior Economics*: IRR of 44.8% with NPV<sub>10 nominal</sub> of US\$1.5bn (A\$2.1bn\*\*)

Black Rock is completing a FEED process (Front End Engineering Design) and re-estimating the capital and operating costs at Mahenge as part of financing process. The costs, process constraints and ESG are currently subject to peer review from an Independent Technical Expert (**ITE**) as part of this process. Black Rock will update the market once the ITE review is complete and updated estimates are finalised.

Black Rock has obtained all Environmental approvals, Mining Licences and its Resettlement Action Plan with clear title to the eDFS project area.

In June 2020, the Company announced a Strategic Alliance with POSCO Group for the development of Mahenge. This included an equity investment of US\$7.5M, signed in February 2021, followed by an offtake agreement, with a US\$10M prepayment facility. In December 2021, Black Rock signed a Framework Agreement with the Government of Tanzania confirming their 16% Free Carried Interest shareholding, agreed to consolidate its Mining Licences into a Special Mining Licence (SML) and committed to jointly develop Mahenge. The Company is construction-ready subject to financing and issue of the SML.

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).

### JORC Compliant Mineral Resource Estimate and Ore Reserve\*\*\*

Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	70.5	8.5	6.0
<b>Total Ore Reserves</b>	<b>70.5</b>	<b>8.5</b>	<b>6.0</b>
Mineral Resources			
- Measured	31.8	8.6	2.7
- Indicated	84.6	7.8	6.6
<b>Total M&amp;I</b>	<b>116.4</b>	<b>8.0</b>	<b>9.3</b>
- Inferred	96.7	7.4	7.2
<b>Total M, I&amp;I</b>	<b>213.1</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)

\* Forecast Capex has been classified as a Class 3 estimate with accuracy of ±10% as defined by AACE

\*\* \$AU/US 0.70

\*\*\* Resource Estimate as released to ASX on 3 February 2022: BKT Confirms 25% increase in Measured Resources and Ore Reserve Estimates as released to ASX on 8 August 2017: BKT delivers Exceptional Optimised PFS. All material assumptions underpinning the Resource Estimate and Ore Reserve Estimate continue to apply and have not materially changed.

\*\*\*\* Refer ASX announcement released on 25 July 2019. All material assumptions underpinning the eDFS continue to apply and have not materially changed. BKT is currently completing a FEED process and re-estimating the capital and operating costs at Mahenge as part of financing process and will update the market once complete

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 Ian Murray  
 Chairman  
 Managing Director & CEO  
 Non-Executive Director  
 Non-Executive Director

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

#### Name of entity

Black Rock Mining Limited

#### ABN

59 094 551 336

#### Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(659)	(1,927)
	(e) administration and corporate costs	(702)	(1,654)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material):	-	-
	- Project financing	(400)	(579)
	- Marketing	(93)	(241)
	- Foreign subsidiary costs	(385)	(1,022)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(2,236)</b>	<b>(5,420)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) Entities	-	-
	(b) tenements	(244)	(244)
	(c) property, plant and equipment	(11)	(36)
	(d) exploration & evaluation (if capitalised)	(2,040)	(5,698)





<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,295)</b>	<b>(5,978)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	25,000	25,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	65	2,340
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,438)	(1,467)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>23,627</b>	<b>25,873</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,791	11,343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,236)	(5,420)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,295)	(5,978)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23,627	25,873
4.5	Effect of movement in exchange rates on cash held	347	416
4.6	<b>Cash and cash equivalents at end of period</b>	<b>26,234</b>	<b>26,234</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,273	4,501
5.2	Call deposits	20,819	2,148
5.3	Bank overdrafts	-	-
5.4	Other (provide details):		
	- Cash backing credit cards	45	45
	- Cash backing lease	97	97
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>26,234</b>	<b>6,791</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
166 <sup>1</sup>
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

<sup>1</sup> Payments relate to executive director salary and non-executive director fees and company secretary fees.

<b>7. Financing facilities</b>	
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>	
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	
<b>7.1</b>	<b>Loan facilities</b>
<b>7.2</b>	<b>Credit standby arrangements</b>
<b>7.3</b>	<b>Other (please specify)</b>
<b>7.4</b>	<b>Total financing facilities</b>
<b>7.5</b>	<b>Unused financing facilities available at quarter end</b>
<b>7.6</b>	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.
Not applicable	

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
<b>8.1</b>	Net cash from / (used in) operating activities (Item 1.9)	(2,236)
<b>8.2</b>	Capitalised exploration & evaluation (Item 2.1(d))	(2,040)
<b>8.3</b>	<b>Total relevant outgoings (Item 8.1 + Item 8.2)</b>	<b>(4,276)</b>
<b>8.4</b>	Cash and cash equivalents at quarter end (Item 4.6)	26,234
<b>8.5</b>	Unused finance facilities available at quarter end (Item 7.5)	-
<b>8.6</b>	<b>Total available funding (Item 8.4 + Item 8.5)</b>	<b>26,234</b>
<b>8.7</b>	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>6.13</b>
<b>8.9</b>	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	

Answer: Not applicable

## 9. Tenement summary

In accordance with ASX Listing Rule 5.3.3 below is the Company's tenement holdings at quarter end.

License number	Opening	Additions	Disposals	Closing
ML 611/2019 *	100%	-	-	100%
ML 612/2019 *	100%	-	-	100%
PL 11486/2020 *	100%	-	-	100%
PL 10427/2014 *	100%	-	-	100%

\* Located in the Mahenge region of Tanzania. No farm-in or farm-out agreements were entered into during the quarter.

## 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.

Date: 28 July 2022

The Board of Black Rock Mining limited

Authorised by: .....

## Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.