

JUNE 2021 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **POSCO completes its US\$7.5M 15% equity stake in Black Rock**
- **Black Rock signs Memorandum of Understanding with US clean tech graphite processing company, Urbix**
- **Technical and project delivery capability bolstered with the appointment of Mr Daniel Pantany as General Manager Engineering & Technical**
- **Project development works commenced and are ongoing including, front-end engineering and final design**
- **Discussions continue with Government of Tanzania on Free Carry Interest Agreement**
- **Positive negotiation is ongoing with POSCO for an Offtake & Prepayment Agreement**
- **A\$11.3M cash at bank as at 30 June 2021**

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 Mine in Tanzania for the quarter ending 30 June 2021.

POSCO Equity Investment Agreement

During the quarter, Black Rock confirmed the completion of the Investment Agreement with POSCO Ltd (**POSCO**) for its strategic US\$7.5M, 15% equity stake in Black Rock (ASX Announcements 17 December 2020 and 11 February 2021). This followed resolution of all conditions precedent including the Australian Foreign Investment Review Board, and the Tanzanian Government Fair Competition Commission, (ASX Announcements 4 March 2021 and 12 May 2021 respectively).

Black Rock received shareholder approval for the placement of 126,020,001 shares to POSCO at an Extraordinary General Meeting held on 15 April 2021. Subject to POSCO maintaining a minimum of 10% equity interest in Black Rock, POSCO will have the right to nominate a director to the board of Black Rock.

Both parties continue to progress discussions on an Offtake Agreement which includes a prepayment facility of up to US\$20m.

Black Rock will use the funds from the POSCO transaction for the following purposes:

- front-end engineering work and final design of the Mahenge Graphite Project;
- conducting a pilot scale test for further commercial qualification;
- third party technical due diligence; and
- project development, site works, early stage construction and general corporate costs associated with the development of the Mahenge Graphite Project.

URBIX Partnership

The Company signed a Memorandum of Understanding (**MoU**) with United States of America CleanTech Graphite Processing company Urbix, Inc (**Urbix**), for an innovative supply chain partnership collaboration on battery anode processing.

Urbix is an advanced materials technology company specialising in all aspects of the graphite value chain including manufacturing the most environmentally viable graphite and energy storage products in the world. Patented purification techniques deliver lower production costs with a low environmental footprint by avoiding the traditional need for Hydrofluoric Acid (**HF**) and high power consumption.

The MoU with Urbix is designed as a whole of supply chain collaboration that will drive commercial benefits for Black Rock and its customers. Under the MoU, Black Rock and Urbix will examine the potential to provide current and potential offtakers with an alternative Western supply chain option that is not only competitive, but delivers strongly differentiated environmental and sustainable battery anode materials.

Urbix has produced battery anode material from Mahenge graphite concentrates, with an initial batch submitted to Black Rock's shareholder and development partner, POSCO, for qualification testing. Further samples will be prepared for ongoing testing.

Both parties will also work to validate and verify scaled up performance of the processing technology at a technical and commercial level. Following construction of a dedicated processing facility by Urbix to access US markets, the companies will seek to examine a North Asia opportunity for toll processing or Joint Venture.

Urbix's graphite processing technology has several advantages that has the potential to transform the global processing of natural graphite products for battery and energy storage applications. Urbix graphite processing technology can deliver significant advantages to Black Rock and its customers through:

- Much lower energy consumption;
- Eliminating the need for hydrofluoric acid use;
- Significantly higher product yield (70% to 80% versus current industry standard of 35%); and
- Reduced reliance on co-product credit (re-carburiser sales to monetise waste streams).

Management Appointment

General Manager, Engineering & Technical

Mr Daniel Pantany was appointed as General Manager Engineering & Technical, effective 21 June 2021. Daniel graduated with a Bachelor of Engineering (Civil) from the University of Western Australia in 1998, and has over 22 years' experience in the resources sector, working across a broad range of commodities including gold, nickel, mineral sands, copper, uranium, graphite, sulphate of potash and iron ore, including haematite and magnetite within Africa and Australia. His experience extends across a broad range of overall project delivery roles including EPCM, EP, and lump sum EPC contracts. Daniel's most recent position was with CPC Engineering which included secondment as Project Engineering Manager for Syrah's Balama project in Mozambique.

Mr Pantany has detailed knowledge of the Mahenge Graphite Project having been Study Manager for Black Rock's Definitive Feasibility studies (**DFS**) since 2018, and has been providing ongoing technical support throughout product qualification and due diligence. He brings significant project development experience encompassing all stages from concept through to execution, commissioning and ramp up.

Tanzanian Activities

Free Carry Interest Agreement

The Company continues to progress negotiations with the Government of Tanzania on the mechanics of implementing a Framework Agreement to implement the Free Carried Interest (**FCI**) provisions of the 2017 Mining Act. The Company is of a view that good progress is being made and remains confident that a timely and appropriate achievement will be delivered.

Community Engagement

In anticipation of commencement of onsite activities, the Company has commenced a front end loading process for resettlement of affected persons impacted by the project development. At this stage, the process is one of change management with compensation and physical resettlement commencing only after a FCI Framework Agreement with the Government of Tanzania has been reached.

Engineering and Project Development

Black Rock has commenced program of works targeted at establishing construction readiness. This includes:

- Operation of a large-scale pilot plant to generate bulk concentrate samples to complete customer qualification for POSCO and selected large flake customers;
- Updating capital and operating costs estimates from the 2018 Definitive Feasibility Study;
- Development of an Early Works Program to facilitate the rapid ramp up of site activities;
- Progressing offtake agreements from Pricing and Volume Framework Agreements to a form suitable for financing; and
- Engagement of the equipment vendor and construction management syndicate to generate Gross Maximum Price (GMP) estimates for project execution.

Capital Management

The Company had cash reserves of A\$11.3M as at 30 June 2021.

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

During the quarter A\$179,000 was paid to related parties of the Company relating to executive director salary, non-executive director fees and company secretary fee of which A\$51,000 relates to back payments of fees.

Summary of the exploration expenditure incurred during the quarter

	A\$'000
Site costs	12
Pilot plant	148
Metallurgical test work	66
Total	226

Tenement summary

License number	Opening	Additions	Disposals	Closing
ML 611/2019*	100%	-	-	100%
ML 612/2019*	100%	-	-	100%
PL 11486/2020*	100%	-	-	100%
PL 10111/2014*	100%	-	-	100%
PL 10426/2014*	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.

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

John de Vries, Managing Director & CEO

For more information:

John de Vries
Chief Executive Officer
Black Rock Mining
 +61 438 356 590
 jdvd@blackrockmining.com.au

Elvis Jurcevic
Investor Relations
irX Advisors
 +61 408 268 271
 ej@blackrockmining.com.au

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 (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. This was enhanced in July 2019 (ASX Announcement 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 NPV₁₀ 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 (ASX Announcement 8 May 2019). The Company is progressing these agreements into binding offtake commitments.

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.

JORC Compliant Mineral Resource Estimate and Ore Reserve^{***}			
Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	69.6	8.5	6.0
Total Ore Reserves	69.6	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 ±10% as defined by AACE

** \$AU/US 0.70

*** Resource and Ore Reserve Estimates as released to ASX on 8 August 2017 Optimised PFS

Black Rock Mining Ltd
 ACN 094 551 336
 ASX: BKT

Australian Office
 45 Ventnor Avenue
 West Perth, WA 6005
 Ph: +61 8 9389 4415
 E: info@blackrockmining.com.au

Tanzanian Office
Mahenge Resources Ltd
 Msasani Towers
 Second floor Wing B
 Dar es Salaam
 Ph +255 719 382 631

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

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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(182)	(707)
(e) administration and corporate costs	(92)	(454)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	51
1.8 Other (provide details if material):	-	-
- Product market studies	(4)	(8)
- Project financing	(255)	(396)
- Marketing	(27)	(234)
- Foreign subsidiary costs	(196)	(664)
1.9 Net cash from / (used in) operating activities	(756)	(2,412)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) Entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) exploration & evaluation (if capitalised)	(226)	(956)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(226)	(956)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,732	13,384
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	451	705
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(37)	(379)
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)	-	-
3.10	Net cash from / (used in) financing activities	10,146	13,710

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,919	766
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(756)	(2,412)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(226)	(956)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,146	13,710
4.5	Effect of movement in exchange rates on cash held	260	235
4.6	Cash and cash equivalents at end of period	11,343	11,343

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	10,058	535
5.2	Call deposits	1,240	1,339
5.3	Bank overdrafts	-	-
5.4	Other (provide details): - Cash backing credit cards	45	45
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,343	1,919

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	179 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

¹ Payments relate to executive director salary, non-executive director fees and company secretary fee of which \$50,881 relates to back payments of fees.



7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 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		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(756)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(226)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(982)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	11,343
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5 + Item 8.6)	11,343
8.7 Estimated quarters of funding available (Item 8.7 divided by Item 8.3)	11.6

8.9 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- 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

- 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

- 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 10111/2014 *	100%	-	-	100%
PL 10426/2014 *	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.

Authorised by: Board of Directors, 26 July 2021

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.