

MARCH 2018 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Black Rock Mining achieves Proof of Concept for rail haulage from Mahenge Graphite Project, Tanzania**
 - Black Rock exports its second bulk sample from Mahenge to Canada via train to Port of Dar es Salaam
 - Celebration held to recognise significant project milestone attended by Teresa Ntuke, Commissioner of Mines Morogoro as representative of Deputy Minister of Mines The Honourable Dotto Biteko and Australian High Commissioner, for Tanzania Ms Alison Chartres
 - Use of rail haulage at Mahenge could deliver significant cost savings in project development through simplified logistics and capacity to rail directly to wharf
- **Black Rock Mining confirms industry-leading ease of processing, grade and flake size for Mahenge**
 - 90 tonnes of Mahenge graphite processed, producing about 10 tonnes of concentrate
 - About 70% of the primary cleaning circuit for the Ulanzi product contained flake sizes above 80 mesh (180 microns)
 - Primary cleaning delivered a 95% concentrate and a secondary cleaning circuit increased this to 97.5% with minimal flake degradation. Further increases in grade possible
 - Black Rock Mining shipping the finished product to potential global customers and partners
- **Licence application process commenced for Mahenge**
 - Feedback received from Tanzanian government on draft Environmental and Social Impact Assessment (ESIA)
 - Black Rock expects to lodge final ESIA in May 2018
- **Black Rock Mining receives Tanzanian Investment Centre (TIC) registration to accelerate development of Mahenge**
- **Black Rock Mining completes metallurgical variability drilling and bulk sampling**
 - Program completed on schedule and on budget

Tanzanian graphite developer **Black Rock Mining Limited (BKT: ASX)** ("Black Rock" or "the Company") pleased to provide its March 2018 Quarterly report.

Proof of Concept rail haulage

Post quarter-end, Black Rock completed proof of concept for rail haulage by exporting a 530-tonne sample from Ifakara, north of its Mahenge Graphite Project in Tanzania, to the port at Dar es Salaam, demonstrating the viability of Tazara (Tanzania Zambia Railway Authority) as a logistics partner.

Black Rock Mining Ltd
 ACN 094 551 336
 ASX: BKT

Issued Capital
 443m Shares
 67.2m Options
 2.4m Performance
 Rights

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Directors
 Richard Crookes
 John de Vries
 Stephen Copulos
 Gabriel Chiappini

A ceremony held to recognise significant project milestone attended by Teresa Ntuke, Commissioner of Mines Morogoro as representative of Deputy Minister of Mines The Honourable Dotto Biteko Deputy Minister for Mines and Australian High Commissioner, for Tanzania Ms Alison Chartres

Using rail haulage in the development of Mahenge could deliver considerable cost savings of up to US\$40 per tonne. Rail haulage also significantly simplifies logistics by providing rail access directly to the wharf with customs clearance completed at an "in land port" at Ifakara.

The sample is due for shipment to SGS Laboratory in Canada where it will be used for a second pilot plant in August/September.

Positive pilot plant results

Black Rock reported positive initial metallurgical test results from pilot plant testing at SGS Lakefield in Canada for Mahenge during the quarter.

SGS Lakefield processed 90 tonnes of Mahenge graphite ore comprising 50 tonnes from Cascades and 40 tonnes from Ulanzi to produce approximately 10 tonnes of concentrate.

Nearly 70% of the primary cleaning circuit for the Ulanzi product contained flake sizes above 80 mesh (180 microns), which is a premium-sized product. The secondary cleaning circuit upgraded the +80 mesh portion of the intermediate graphite concentrate from 95% C(t) to an average of 97.5% C(t) with minimal flake degradation.

Testwork at SGS gives Black Rock the ability to trial, and then compare flow sheet options in the pilot plant to optimise its flowsheet. This is critical for improved capital and operating costs that should deliver a significant improvement in plant operations from the Optimised PFS. The primary circuit consisted of a rougher and flasher stage followed by a primary cleaning circuit.

Black Rock will analyse data from the pilot plant run to determine the optimal flow sheet configuration. The laboratory optimisation program for the Ulanzi Oxide and Fresh Zones is ongoing and expected to be completed by the end of April.

The optimised flowsheet and operating conditions will be incorporated into the design of the 500-tonne pilot plant scheduled to commence Q3 calendar year 2018. The second pilot plant will also increase the volume of material available for pre-qualification of Mahenge product by end-users.

The pilot plant produced about 10 tonnes of concentrate that Black Rock is shipping to potential partners and customers. This enables pre-qualification test works and establishes Mahenge as a provider of industry-leading quality graphite.

Tanzanian Investment Centre (TIC) registration

Black Rock's Tanzanian subsidiary Mahenge Resources Ltd, registered with the Tanzanian Investment Centre (TIC) during the quarter, following Black Rock's successful traversing of a government due diligence process.

TIC registration confers significant project benefits to registered companies including:

- Single-desk facilitation service to streamline permits, licences and approvals

- Recognition of World Bank Multilateral Insurance Agreements Agency (MIGA)
- Recognition of International Centre for Settlement of Investment Disputes (ICSID)
- Import Duty drawback on raw materials used to produce goods for exports and deemed exports o
Zero-rated VAT on exports
- Zero (0%) import duty on project capital goods o Reduced duty of semi-processed goods
- Excise refund for fuel purchases
- VAT deferment on project capital goods
- Additional expatriate roles.

Importantly, Black Rock's access to the TIC single desk facilitation underpins development of Mahenge and is a catalyst for accelerating issuance of the mining licence.

Licence application process commenced for Mahenge

Black Rock commenced the formal licence application process for Mahenge during the quarter, with the submission of the draft Environmental and Social Impact Assessment (ESIA) to the National Environment Management Council (NEMC) of Tanzania in February. The draft of the ESIA was prepared using Tanzanian-based specialist consultants.

The draft received sufficiently pleasing feedback for the Company to commit to commencing development of a Resettlement Policy Framework. The RPF develops policies, procedures and processes to mitigate any adverse social impacts associated with project development and mine operation. Based on baseline surveys completed in 2016, the Company believes minimal resettlement will be necessary, consistent with its environmental light touch approach to mine design and operations.

The Company expects to lodge its final application in May 2018.

Update on Mahenge DFS

A Definitive Feasibility Study (DFS) for Mahenge remains on track for completion in 2H CY2018 with the following milestones completed or underway:

- First pilot plant run in Canada completed with concentrate produced to be used to commence pre-qualification process with potential partners
- Metallurgical infill drilling and sampling program completed - a 1,800m PQ sized, metallurgical drill campaign designed to provide adequate metallurgical sample to provide for metallurgical variability sampling and second round pilot plant testing. Drilling and 500 tonne bulk sample completed on schedule and on budget
- Second pilot plant run to complete variability test work focussed on initial five years of production scheduled for September 2018.

CPC Design has commenced engineering design of the plant and infrastructure for Module 1 at Ulanzi, Mahenge. The study remains on budget and schedule for delivery in H2 2018.

Commencement of construction remains on target for late 2H CY2018.

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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 owns graphite tenure in the Mahenge region of Tanzania.

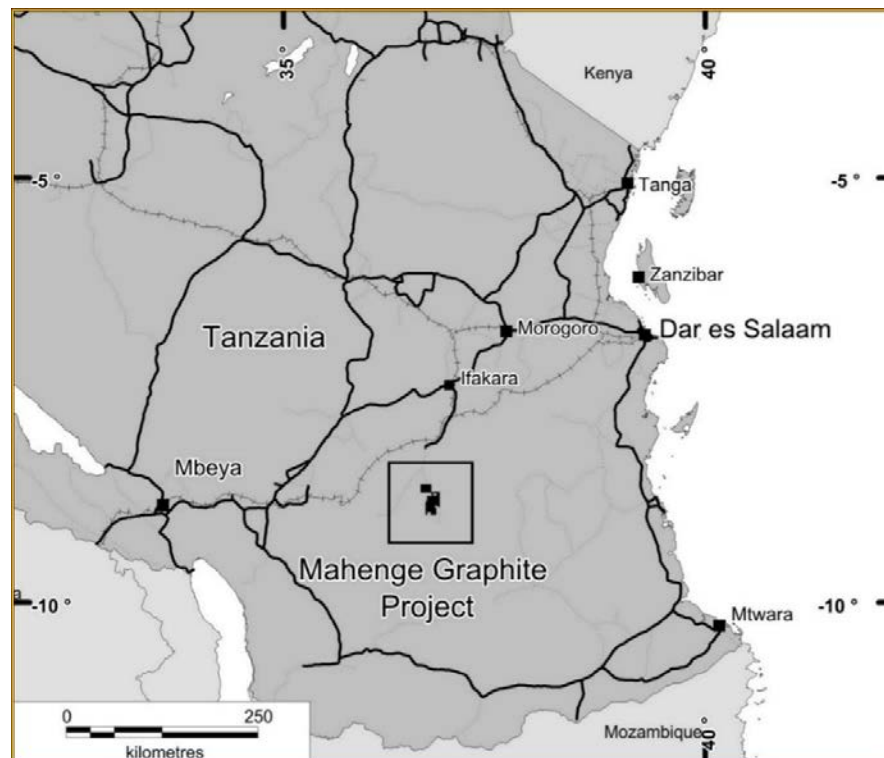
The Company's 100%-owned Mahenge Graphite Project is one of the largest JORC-compliant flake graphite Mineral Resource Estimates globally, with a Mineral Resource Estimate of 211.9m tonnes at 7.8% TGC for 16.6m tonnes of contained graphite. Importantly, more than 50% of the Mineral Resource is in the Measured and Indicated categories.

Black Rock released an exceptional optimised Preliminary Feasibility Study (PFS) for the Mahenge Graphite Project, which considered a three-stage construction to deliver up to 250,000 tonnes per annum of 98.5% graphite concentrate for 31 years. The Company plans to fund stages two and three from free cash flow. The pre-production capex is US\$90.1m to deliver a post-tax unlevered project NPV₁₀ of US\$905m incorporating the proposed 16% Government free carry and increased royalty rate.

The optimised PFS confirmed Black Rock has the potential for a long-life, low capex, high margin operation. Black Rock is moving towards commencing a Definitive Feasibility Study (DFS). Following the successful completion of the DFS and the associated financing, construction is expected to commence late-2018 with first production in 2019.

For further information on the Company's development pathway, please refer to the Company's website at the following link: <http://www.blackrockmining.com.au> and the corporate video presentation at <http://www.blackrockmining.com.au/#video>.

PROSPECT	CATEGORY	TONNES (MILLIONS)	TGC (%)	CONTAINED TGC (MILLIONS TONNES)
Ulanzi	Measured	13.3	8.9	1.2
	Indicated	49.7	8.2	4.1
	Inferred	50.2	8.1	4.1
	Sub-total	113.3	8.2	9.3
Epanko	Measured	12.1	8.3	1.0
	Indicated	20.8	8.3	1.7
	Inferred	27.3	7.9	2.2
	Sub-total	60.2	8.1	4.9
Cascades	Measured			
	Indicated	17.6	6.4	1.1
	Inferred	20.8	5.9	1.2
	Sub-total	38.4	6.1	2.4
COMBINED	MEASURED	25.5	8.6	2.2
	INDICATED	88.1	7.9	6.9
	INFERRED	98.3	7.6	7.4
	TOTAL	211.9	7.8	16.6

Resource breakdown by prospect and total combined global resource

Location of Black Rock's Mahenge Graphite Project within Tanzania

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

Black Rock Mining Limited

ABN

59 094 551 336

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
(a) exploration & evaluation	(1,036)	(2,260)
(b) development	0	0
(c) production	0	0
(d) staff costs	(134)	(505)
(e) administration and corporate costs	(283)	(774)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	5	8
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Research and development refunds	0	0
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(1,448)	(3,531)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(10)
(b) tenements (see item 10)	0	0
(c) investments	0	0
(d) other non-current assets	0	0

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	0	0
(b) tenements (see item 10)	0	0
(c) investments	0	228
(d) other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
2.6 Net cash from / (used in) investing activities	(2)	218

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	540	4,740
3.2 Proceeds from issue of convertible notes	0	0
3.3 Proceeds from exercise of share options	0	0
3.4 Transaction costs related to issues of shares, convertible notes or options	(16)	(294)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
3.10 Net cash from / (used in) financing activities	524	4,446

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,122	2,140
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,448)	(3,531)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	218
4.4 Net cash from / (used in) financing activities (item 3.10 above)	524	4,446
4.5 Effect of movement in exchange rates on cash held	33	(44)
4.6 Cash and cash equivalents at end of period	3,229	3,229

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	3,229	4,122
5.2 Call deposits	0	0
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,229	4,122

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
134
0

Director related payments – relate to both Executive and Non-Executive Director fees, CFO and company secretarial fees.

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
0
0

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,421
9.2 Development	-
9.3 Production	-
9.4 Staff costs	177
9.5 Administration and corporate costs	227
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,825

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				

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.

Gabriel Chiappini, Director, 27 April 2018

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.
4. The Company undertakes that it will disclose the following in each annual report, annual audited accounts, half-yearly report and quarterly cash flow report issued by the Company, in respect of any period during which the Performance Shares remain on issue or are converted or redeemed.
 - (a) The number of Performance Shares on issue during the relevant period.
 - (b) A summary of the terms and conditions of the Performance Shares, including without limitation the number of ordinary shares into which the Performance Shares are convertible and the relevant milestones that have to be satisfied in order for the Performance Shares to be converted.
 - (c) Whether any of the Performance Shares were converted or redeemed during that period.
 - (d) Whether a milestone for the Performance Shares was met during that period.