

SEPTEMBER 2018 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Compelling results for Mahenge Definitive Feasibility Study, demonstrating major geological and geographical advantages**

- Major advantages of Mahenge Graphite Project include:
 - Highest purity flake graphite achieved from conventional flotation circuit processing;
 - Lowest cost to customer given access to rail and major East African port from rail; and
 - Lowest peak capital per annual tonne of product.
- DFS supported by largest pilot plant of any graphite developer of 90k tonnes that delivered 8k tonnes of graphite concentrate.
- Construction supported by binding offtake with Heilongjiang Bohao Graphite

- **Major offtake agreement for up to 90,000 tonnes graphite per year signed with Heilongjiang Bohao Graphite Company Limited**

- Agreement provides for up to three years to supply 30,000 tonnes in Year 1; 50,000 tonnes in Year 2 and up to 90,000 tonnes in Year 3 of blended graphite concentrate
- 90,000 tonnes per annum is the largest offtake agreement signed by any graphite developer by an order of magnitude
- Black Rock continues positive discussions with other potential customers regarding binding supply contracts for the balance of its annual production

- **Strategic cooperation agreement signed major Chinese machinery corporation**

- Yantai Jinyuan Mining Machinery Ltd, part of Yantai Jinyuan Group (Yantai) commits to supplying process plant machinery and related infrastructure for Mahenge
- Yantai also agrees to help Black Rock source up to US\$40m in project finance from Chinese groups (including Government import export credit agency)

- **Black Rock receives environmental approval for Mahenge**

- Environmental Impact Assessment (EIA) granted for development of Mahenge
- Licence granted is for the staged project, commencing with 83kt of product and increasing to up to 250kt over 5 years
- Grant of licence demonstrates Tanzania's new mining code in operation

- **Oversubscribed placement completed, raising \$3.0 million**

- Placement of \$2.5m to Institutional and Sophisticated Investors with \$500,000 to be taken up by Board and Management, subject to shareholder approval at AGM
- Funds to continue project development, marketing, mining licence process and permitting.

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

Mahenge Definitive Feasibility Study completed

On 24 October 2018, Black Rock announced results of a Definitive Feasibility Study (DFS) for its Mahenge Graphite Project in Tanzania. The study demonstrated major geographical and geological advantages including:

- Highest purity flake graphite achieved from conventional flotation circuit processing;
- Lowest cost to customer given access to rail and major East African port from rail; and
- Lowest peak capital per annual tonne of product.

Black Rock's pilot plant, the largest any graphite developer has constructed, which delivered 8k tonnes of graphite concentrate from 90k tonnes of ore has supported the DFS.

Black Rock has also secured a binding offtake agreement with Heilongjiang Bohao Graphite, one of the largest vertically integrated graphite producers in China, for 30k tonnes in year one, 50k tonnes in year two and up to 90k tonnes in year three, which supports construction of the project.

The DFS demonstrated exceptional financial metrics as shown in Table 1 below.

Post-tax, unlevered NPV ₁₀	US\$895m
Post-tax, unlevered IRR	42.80%
Capex for Phase One (83k tonnes per annum)	US\$115m
Contingency for Phase One	10% (included in US\$115m)
Capex for Phase Two (83k tonnes per annum)	US\$69.5m
Capex for Phase Three (83k tonnes per annum)	US\$84.2m
Contingency for Phases Two and Three	15% (included in US\$69.5m and US\$84.2m)
Life of Mine C1 Costs, FOB Dar	US\$401 /t
Life of Mine All in Sustaining Costs, FOR Dar*	US\$473 /t
Concentrate basket FOB Dar es Salaam**	USD \$1,301/t
Life of Mine	32 years
Average steady state production rate	250k tonnes per annum
Total Life of Mine Concentrate production	6.6m tonnes
Ore reserves	70m tonnes @ 8.5% TGC
Reserve life	23 years
Resources	212m tonnes @ 7.8% TGC

A detailed summary of the study's findings is available in the ASX Announcement dated 24 October 2018.

Black Rock is continuing to work with Chinese equipment manufacturer Yantai Jinyuan to target further Capex reduction, and is in discussions with other potential offtake partners.

It will lodge a mining licence application in coming weeks following the environmental approvals received from the Tanzanian government in August 2018.

Following completion of the DFS, Black Rock will quickly move into finalising detailed engineering, and is aiming for construction to commence in mid-CY2019 with initial production slated for mid-CY2020.

Offtake Agreement with Heilongjiang Bohao Graphite Company

In October, Black Rock announced it had signed its first offtake agreement for natural flake graphite from Mahenge. The Offtake Agreement is with Heilongjiang Bohao Graphite ("Heilongjiang Bohao"), one of the largest vertically integrated graphite producers in China.

The Offtake Agreement with Heilongjiang Bohao is the largest offtake agreement signed by any developer by an order of magnitude and covers approximately 37.5% of proposed steady state annual production of 240,000 tonnes per annum. The agreement was signed via Black Rock's 100%-owned Tanzanian subsidiary, Mahenge Resources Limited.

Heilongjiang Bohao Graphite Company is one of China's largest fully integrated graphite producers.

Key terms of the Offtake Agreement

The key terms of the Offtake Agreement can be summarised as follows;

- Up to three-year Offtake Agreement to supply 30,000 tonnes in Year 1; 50,000 tonnes in Year 2; and up to 90,000 tonnes in Year 3.
- Pricing to be agreed under the terms of a formal agreement to be entered into by the parties within 12 months of execution of the Offtake Agreement (and on terms consistent with the Offtake Agreement) and will be set quarterly with reference to market price for flake size and concentrate grade.
- Either party may terminate the Offtake Agreement by the giving of 60 days written notice to the other party.

The Offtake Agreement and the obligation to deliver product is subject to Black Rock completing construction of the Mahenge mine and associated infrastructure, and commencement of operation of the Mahenge mine in Tanzania.

Agreement with Chinese machinery corporation

In September, Black Rock announced it had signed a Strategic Cooperation Agreement with Yantai Jinyuan Mining Machinery Ltd, part of the larger Yantai Jinyuan Group (Yantai). The Strategic Cooperation Agreement commits both parties to work together with a view to Yantai supplying process plant machinery and related infrastructure for Black Rock's 100% owned Mahenge Graphite Mine.

In addition, Yantai committed to working with Black Rock to secure up to US\$40m in project finance from Chinese groups including the Government import export credit agency.

Yantai is a vertically integrated processing equipment supplier with capacity to deliver from processing equipment to full turn key project delivery of entire metallurgical projects. It operates its own metallurgical testing facility and has access to pilot plant facilities that support its unique graphite IP. Yantai has industry-leading experience in delivering graphite process plants.

Yantai has delivered "Build Operate Transfer" (BOT) contracts for projects in China and Tajikistan. The BOT delivery model aligns with Tanzania's new Mining Code, providing for training and skills transfer to Mahenge Resource's Tanzanian operations team, who will assume management responsibility on completion of the performance test.

Environmental approval for Mahenge

In September, Black Rock announced its 100%-owned local subsidiary, Mahenge Resources, received an Environmental Impact Assessment Certificate ("EIA") from the National Environment Management Council of Tanzania ("NEMC").

The approval covers mining at the Company's three ore bodies that comprise the broader Mahenge Graphite Project and is valid for the whole lifecycle of the mine. Importantly, all conditions are consistent with the Company's submissions and reflect outcomes of the DFS.

This important approval is the final step prior to the receipt of a mining licence. The Company expects to submit its mining licence application in coming weeks following release of the Definitive Feasibility Study (DFS).

Mahenge Resources' Environmental and Social Impact Assessment was prepared in accordance with requirements of the relevant Tanzanian legislation, including the Environmental Management Act 2004, the Environmental Impact Assessment and Audit Regulations 2005, and the Mineral Sector Environmental Impact Assessment Guidelines 2014.

Resettlement Policy Framework (RFP) was completed and development of the Resettlement Action Plan (RAP) will occur post DFS completion as part of the Front-End Engineering and Design (FEED) process.

\$3.0 million placement completed

Black Rock successfully raised \$2.5 million (before costs) through an oversubscribed placement ("Placement") to institutional and sophisticated investors comprising 78,125,000 new fully paid ordinary shares at \$0.032 per share.

As part of the Placement, the Company's Directors and management subscribed for 15,625,000 shares totalling \$500,000 on the same terms as the Placement. Shareholder approval will be sought for the Director allotment at the Company's Annual General Meeting in November.

Funds raised will go towards further project development, marketing of Black Rock's graphite to offtake partners, permitting and mining licence process and for general working capital.

The Placement was made in one tranche under the Company's placement capacity in accordance with ASX Listing Rules 7.1 and 7.1A. The company issued 33,751,530 shares under its ASX LR 7.1 allowance with the balance of 44,373,470 shares being issued under its ASX LR 7.1A allowance. The placement terms are in accordance with ASX LR 7.1A.

Patersons Securities Limited acted as Sole Lead Manager to the Placement.

Notice of Annual General Meeting

Black Rock has issued a Notice of Meeting for its Annual General Meeting to be held at Australian Institute of Company Directors, Business Centre, Level 1, 20 Bond St, Sydney, on 7 November 2018 at 11am AEST.

Change of registered address

Black Rock's updated registered address details as of 12 October 2018 are as follows:

Level 9, 190 St Georges Terrace
Perth WA 6000
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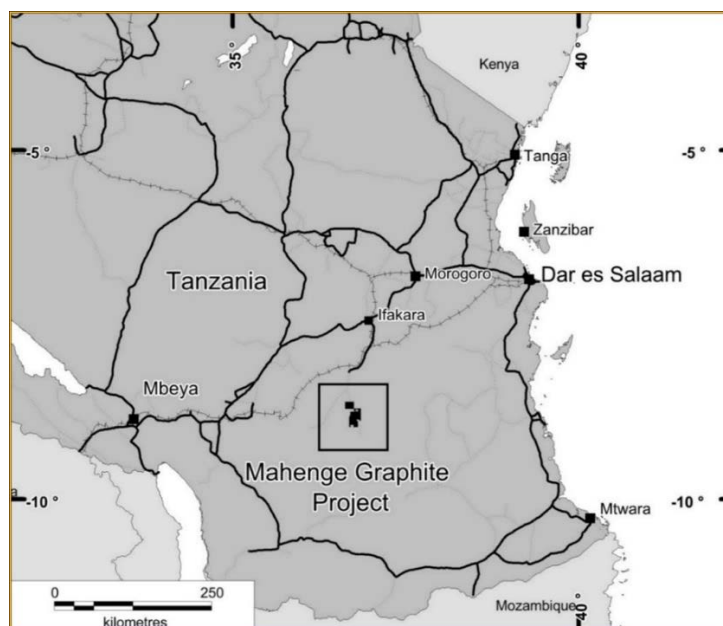
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About Black Rock Mining

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 and is in accordance with the company's previous announcement on its Measured & Indicated Resource released on 20 July 2017. The Company confirms that it is not aware of any new information that materially affects the resources estimate.

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>.

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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
(a) exploration & evaluation	(1,155)	(1,155)
(b) development	0	0
(c) production	0	0
(d) staff costs	(205)	(205)
(e) administration and corporate costs	(512)	(512)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	2	2
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	(1,870)	(1,870)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(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 (3 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	0
(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	(3)	(3)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,500	2,500
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	(158)	(158)
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	2,342	2,342

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,788	1,788
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,870)	(1,870)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,342	2,342
4.5 Effect of movement in exchange rates on cash held	466	466
4.6 Cash and cash equivalents at end of period	2,723	2,723

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	2,723	1,788
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)	2,723	1,788

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
125
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	-
9.2 Development	700
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,000

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 & Company Secretary

30 October 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.