

## MARCH 2021 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

- **Investment Agreements were executed with POSCO for its 15% equity stake in Black Rock, binding upon completion of an internal approval process by POSCO for a final investment decision, and the resolution of two regulatory conditions precedent:**
  - POSCO completed its final internal approval sign off in January
  - the first regulatory process was completed with the Australian Government Foreign Investment Review Board (FIRB) approval; and
  - the remaining approval from the Tanzanian Government Fair Competition Commission (FCC) is expected shortly
- **Positive negotiations continue with POSCO for an Offtake & Prepayment Agreement**
- **The Placement to POSCO Group was approved at a General Meeting held on 15 April 2021**
- **Discussions continue with Government of Tanzania on Free Carry Interest Agreement**
- **A\$1.9m cash at bank as at 31 March 2021 with an additional US\$7.5m from the POSCO Placement expected shortly**

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 31 March 2021.

### **POSCO Equity Investment Agreements**

Black Rock confirmed in February 2021 that following POSCO's final internal approval sign off, it had signed the Subscription Agreement and Umbrella Deed pursuant to the US\$7.5m term sheet announced on 17 December 2020

### Conditions Precedent

The transaction is conditional on there being no government agency restraining or prohibiting the deal. The first regulatory approval process was completed with the Australian Government Foreign Investment Review Board (FIRB) approval (ASX Announcement 4 March 2021), and the remaining approval from the Tanzanian Government Fair Competition Commission (FCC) is expected shortly.

### Use of Funds

Black Rock will use the funds from the POSCO transaction to develop the Mahenge Graphite Mine, including:

- conducting a commercial scale test for ore processing to produce customer samples for POSCO's supply chain;
- providing other customers with commercial scale large flake samples to complete product qualification;
- site works; and
- early stage construction.

Black Rock continues with positive negotiations with POSCO in relation to the Offtake Agreement including a prepayment facility of up to US\$20m.

### Government of Tanzania's Free Carry Interest Agreement

While the Company continues to progress resolution of the structure and nature of the Government of Tanzania's proposed 16% Free Carried Interest (FCI) agreement, progress was impacted by the unfortunate death of the President of Tanzania his Excellency John Pombe Magufuli. Vice President Samia Suluhu Hassan has assumed the Presidency. The Company believes that subsequent policy updates will be supportive of a timely resolution of the FCI and conducive to direct foreign investment in Tanzania supporting both jobs growth and an increased industrial base.

### Market Conditions Improving

The quarter has seen a notable improvement in market sentiment with respect to the Electric Vehicle sector, as well as an improvement in graphite pricing. We continue to see positive commentary on the graphite industry outlook with expectations of double-digit growth in demand from 2022 onwards driven largely by the battery segment, with equal demand for large flake graphite into expandable graphite applications such as foils and flame retardant products.

### Extraordinary General Meeting

Shareholder approval was sought for the proposed issue of 126,020,001 shares to POSCO at a General Meeting held on 15 April 2021. The resolution was approved and passed via a poll.

Resolution details		Instructions given to validly appointed proxies (as at proxy close)				Number of votes cast on the poll (where applicable)			Resolution Result
Resolution	Resolution Type	For	Against	Proxy's Discretion	Abstain*	For	Against	Abstain*	Carried / Not Carried
1. Proposed issue of shares to POSCO Group	Ordinary	263,419,388 93.37%	268,789 0.10%	18,436,050 6.53%	266,282*	281,855,438 99.90%	268,789 0.10%	266,282*	Carried

\* Votes cast by a person who abstains on an item are not counted in calculating the required majority on a poll

### Capital Management

The Company had cash reserves of A\$1.9M as at 31 March 2021.

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

During the quarter A\$256,000 was paid to related parties of the Company relating to executive director salary, non-executive director fees and company secretary fee of which A\$163,000 relates to back payments of fees.

**Summary of the exploration expenditure incurred during the quarter**

	A\$'000
Consultancy	81
Sample shipping	138
Tenement fees	51
<b>Total</b>	<b>270</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 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

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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 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 (refer to ASX release 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 NPV<sub>10</sub> 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 (refer to ASX release 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.

<b>JORC Compliant Mineral Resource Estimate and Ore Reserve***</b>			
<b>Ore Reserves</b>	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	69.6	8.5	6.0
<b>Total Ore Reserves</b>	<b>69.6</b>	<b>8.5</b>	<b>6.0</b>
<b>Mineral Resources</b>			
- Measured	25.5	8.6	2.2
- Indicated	88.1	7.9	6.9
<b>Total M&amp;I</b>	<b>113.6</b>	<b>8.1</b>	<b>9.1</b>
- Inferred	98.3	7.6	7.4
<b>Total M, I&amp;I</b>	<b>211.9</b>	<b>7.8</b>	<b>16.6</b>



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

## 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")

31 March 2021

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<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	(294)	(524)
	(e) administration and corporate costs	(100)	(363)
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	51
1.8	Other (provide details if material):	-	-
	- Product market studies	-	(4)
	- Project financing	(92)	(197)
	- Marketing	(75)	(208)
	- Foreign subsidiary costs	(118)	(467)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(628)</b>	<b>(1,712)</b>

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



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
	(d) exploration & evaluation (if capitalised)	(270)	(678)
	(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>(270)</b>	<b>(678)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,653
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	254	254
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(7)	(339)
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>247</b>	<b>3,568</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	2,579	766
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(628)	(1,712)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(270)	(678)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	247	3,568
4.5	Effect of movement in exchange rates on cash held	(9)	(25)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,919</b>	<b>1,919</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	535	164
5.2	Call deposits	1,339	2,370
5.3	Bank overdrafts	-	-
5.4	Other (provide details): - Cash backing credit cards	45	45
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,919</b>	<b>2,579</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>
256 <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, non-executive director fees and company secretary fee of which \$163,000 relates to back payments of fees.

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(628)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(270)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(898)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,919
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)	1,919
8.7 <b>Estimated quarters of funding available (Item 8.7 divided by Item 8.3)</b>	2.1

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, 27 April 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.