

DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **POSCO Strategic Alliance & Development Relationship advanced:**
 - POSCO successfully completed due diligence activities
 - Mahenge Graphite meets POSCO's battery grade anode specification
 - POSCO agrees to invest US\$7.5m to acquire a 15% stake in Black Rock
- **Discussions ongoing with Government of Tanzania on Free Carry Interest Agreement**
- **Capital raising completed for AU\$2m**

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 period ending 31 December 2020.

POSCO Strategic Alliance & Development Relationship

POSCO Confirms Binding Investment Agreement Investing US\$7.5m to Acquire 15% of Black Rock

The Company announced on 17 December 2020 that, subject to a final internal POSCO Group of Korea (**POSCO**) approval process, it had agreed an Investment Term Sheet (**Term Sheet**) with POSCO for the placement of US\$7.5m worth of shares in Black Rock to acquire an equity interest of 15%. The agreement allows for the issue of a total of 126,020,001 shares at an issue price of A\$0.082 per share. This represents a 23% premium to the 30-day VWAP and a 15% premium to the 15-day VWAP prior to the agreed share price standstill date of 20 November 2020 (refer ASX announcement 23 November 2020). Subject to POSCO maintaining a minimum of 10% equity interest in Black Rock, POSCO has the right to nominate a non-executive director to the board of Black Rock.

After execution of the Term Sheet, the agreement was tabled and presented to a final internal approval-gate process within POSCO, and on 18 January 2021, Black Rock announced that POSCO had completed its final internal approval sign off, with both parties now working to finalise the remaining conditions precedents, being Australian Government Foreign Investment Review Board approval, and Tanzanian Government Fair Competition Commission approval, both of which are expected to be procedural and routine.

In parallel to finalising POSCO's US\$7.5m equity investment, and as part of the Strategic Alliance to develop the Mahenge Graphite Mine, Black Rock and POSCO are advancing the following agreements:

- (i) Offtake & Prepayment Agreement;
- (ii) Subscription Agreement to the equity investment; and
- (iii) Umbrella & Shareholder Rights Deed.

The Offtake & Prepayment Agreement contemplates POSCO to acquire between 20,000 to 40,000 tonnes per annum of minus 195 flake graphite for the life of mine production from Module 1 of the plant to be constructed at Mahenge. POSCO has indicated a preparedness to provide between US\$10 million and US\$20 million as a prepayment facility, with the facility to be used as development funding for the Mahenge Graphite Mine. The parties aim to execute an agreement by 31 March 2021.

Material Clauses of the Term Sheet:

Key Term	Description
POSCO's Investment	US\$7,500,000
POSCO's ownership in Black Rock¹	15%
Total shares to be placed	126,020,001
Placement price² per share	A\$0.082
POSCO Board Position	1 Non-Executive Director Subject to POSCO maintaining an equity interest in Black Rock of at least 10%
Participation right	POSCO to be invited to participate in certain issue of securities by Black Rock for so long as POSCO holds an equity interest in Black Rock of at least 10%
Offtake Rights³	POSCO has the right to take 100% of the Graphite Fines Concentrate from Module 1 of the Mahenge Graphite Plant
Offtake Pricing³	At an agreed Offtake Price to be determined from the Asian Metals Flake Graphite Index
Module 2 - 4 Offtake Rights³	POSCO has the right to make the first offer for the Graphite Fines Concentrate for Modules 2, 3 and 4 of the Mahenge Graphite Project
Prepayment²	POSCO to provide a cash prepayment facility to Black Rock and/or an additional capital contribution of between US\$10m to US\$20m
Binding	The Term Sheet does not become binding on either party until POSCO's final investment decision expected on or before 15 January 2021 ⁴ .
Conditions Precedent	The conditions are: - any necessary third party and regulatory approvals having been obtained for the contemplated transactions including the Australian Foreign Investment Review Board approval; and - any further necessary internal approvals by either party with conditions precedent to be satisfied within 90 days of the Subscription Deed and Shareholder Rights Umbrella deed being signed
Exclusivity	To be maintained until the Offtake and Prepayment Agreement has been entered into or the Term Sheet has been terminated

1. Ownership of 15% by POSCO in Black Rock, allows for the issue of approximately 3.88m shares to directors & consultants as agreed at the Company's 2020 AGM. The share issue was approved as part of a cost saving & austerity program under the Company's shares in lieu of salaries & fees arrangement.
2. Share Price is based on the standstill share price formula per the ASX announcement on 23 November 2020 and the Reserve Bank of Australia FX Rate for AUD/USD leading up to the standstill share price date.
3. Terms of the offtake and prepayment to be finalised and agreed in the long-form Offtake & Prepayment Agreement expected to be completed on or before 31 March 2021.
4. POSCO confirmation and approval announced on 18 January 2021.

POSCO Successfully Completes Due Diligence

Following the signing of the Strategic Alliance & Development MOU in June 2020, POSCO undertook a robust product due diligence process by conducting independent performance testing of Mahenge Graphite, including spheronizing concentrate to POSCO's battery specifications. Anode for battery cell performance testing was prepared from the spheronized graphite, including coating using POSCO's proprietary Intellectual Property. Extended battery performance testing was completed, and as a result, POSCO confirmed that Black Rock's Mahenge Graphite concentrate successfully met the requirement as being suitable for lithium-ion battery anode feedstock (refer ASX announcement 11 November 2020).

Black Rock and POSCO are currently considering options for a larger scale commercial qualification process to further validate concentrate performance in industrial facilities suitable for the contemplated contracted outsourcing of SPG manufacturing and purification.

Government of Tanzania's Free Carry Interest Agreement

Elections in October 2020, and the subsequent appointment of a new cabinet, disrupted the significant progress made in completing the Framework Agreement supporting the Free Carried Interest Agreement (**FCI**). Black Rock anticipates continued engagement with the aim of resolving the status of the FCI agreement.

Resolution of the FCI is a significant milestone to being able to resume a successful financing process and subsequent commencement of construction.

Capital Raising

During the December 2020 quarter, the Company completed a Placement of A\$2.0million (before costs) at A\$0.049 per share (**Placement**). The Placement was strongly supported by a number of sophisticated investors, institutional investors and existing shareholders. Blue Ocean Equities Pty Ltd acted as Sole Lead Manager to the Placement.

The Placement utilised 40,816,327 shares of Black Rock's existing placement capacity under ASX Listing Rule 7.1, and the Placement shares rank equally with the Company's existing fully paid ordinary shares. The issue price of \$0.049 per share represented:

- an 11.16% discount to the 14-day volume weighted average price of the Company's shares.

Funds raised from the Placement have been used towards progressing Black Rock's due diligence related costs associated with the Strategic Alliance & Development Agreement with POSCO and on activities associated with the Company's ongoing negotiations with the Government of Tanzania on the FCI.

Capital Management

The Company had cash reserves of A\$2.6M as at 31 December 2020.

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

During the quarter A\$93,000 was paid to related parties of the Company relating to executive director salary, non-executive director fees and company secretary fee.

Summary of the exploration expenditure incurred during the quarter

	A\$'000
Consultancy	29
RAP	88
Site expenses	41
SPG test work	10
Tenement fees	57
Total	225

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
jdv@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 (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 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 (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.

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



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 $\pm 10\%$ as defined by AACE

** \$AUD/USD 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 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(162)	(230)
	(e) administration and corporate costs	(175)	(262)
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	-	-
1.8	Other (provide details if material):	-	-
	- Product market studies	(4)	(4)
	- Project financing	(45)	(105)
	- Marketing	(122)	(133)
	- Foreign subsidiary costs	(222)	(349)
1.9	Net cash from / (used in) operating activities	(730)	(1,083)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) Entities	-	-
	(b) tenements	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(225)	(408)
	(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	(225)	(408)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,002	3,653
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(184)	(332)
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	1,818	3,321

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,724	766
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(730)	(1,083)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(225)	(408)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,818	3,321
4.5	Effect of movement in exchange rates on cash held	(8)	(17)
4.6	Cash and cash equivalents at end of period	2,579	2,579

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	164	416
5.2	Call deposits	2,370	1,263
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)	2,579	1,724

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

Current quarter \$A'000
93 ¹
-

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.

7. Financing facilities	
<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)
8.2	Capitalised exploration & evaluation (Item 2.1(d))
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)
8.4	Cash and cash equivalents at quarter end (Item 4.6)
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)
8.7	Estimated quarters of funding available (Item 8.7 divided by Item 8.3)
8.9	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 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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Authorised by: Board of Directors, 25 January 2021

Notes

- 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.
- 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.
- 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.
- 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".
- 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.