



Exclusive option to acquire jumbo flake

Graphite Discovery

14 October 2015

Highlights

- Option to acquire Bagamoyo Project, Tanzania, covering 1,116km²
- Exceptionally coarse flake graphite discovered, typically 2–7mm flake with >10mm flake observed
- Graphite mapped in outcrop and float rock over a 1km strike area
- 4 additional outcrops uncovered over a 7km area
- Existing rail, road and power infrastructure
- Ideally located ~ 125kms by road from Dar es Salaam export port

Black Rock Mining Limited (ASX:BKT) ("Black Rock Mining" or "the Company") is pleased to announce that it has executed an exclusive option agreement to acquire a 100% interest in seven (7) contiguous mineral exploration permits, collectively known as the Bagamoyo Graphite Project, in Tanzania.

Managing Director of Black Rock Mining, Steve Tambanis, commented: "The acquisition of the Bagamoyo Graphite Project represents a significant strategic milestone and establishes the Company as a major graphite explorer and developer in Tanzania. The Mahenge Project remains our priority and is expected to deliver a significant resource by the end of 2015, however we see an opportunity to leverage our excellent exploration team into the Bagamoyo Graphite project whilst the Ulanzi drill-out is completed."

In addition to being ideally located close to port, rail, power and water, we are particularly excited by the mineralisation observed at the project which includes the coarsest flake graphite the Company has observed in Tanzania. Given the exciting nature of the mineralisation and favourable location, the Company has taken the opportunity to secure an extensive tenure position in the region."



Photo 1 Spectacular coarse graphitic flake from Bagamoyo Project



Project Description

The Project is located in the Bagamoyo district of Tanzania, approximately 125km northwest of Dar es Salaam Port and covers a total area of 1,116km². The region is an established supplier of aggregates, sand and building materials into Dar es Salaam and provides significant logistical advantages including access to excellent transport infrastructure, power and water supply.

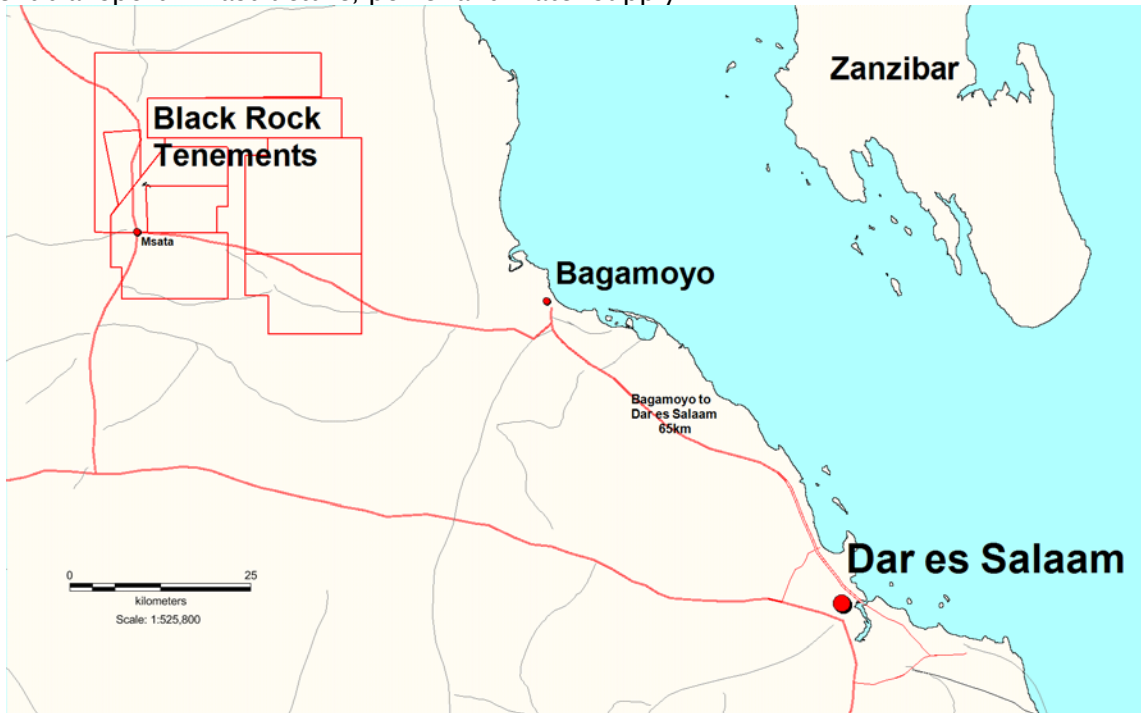


Figure 1. Tenure location map showing proximity to Dar es Salaam

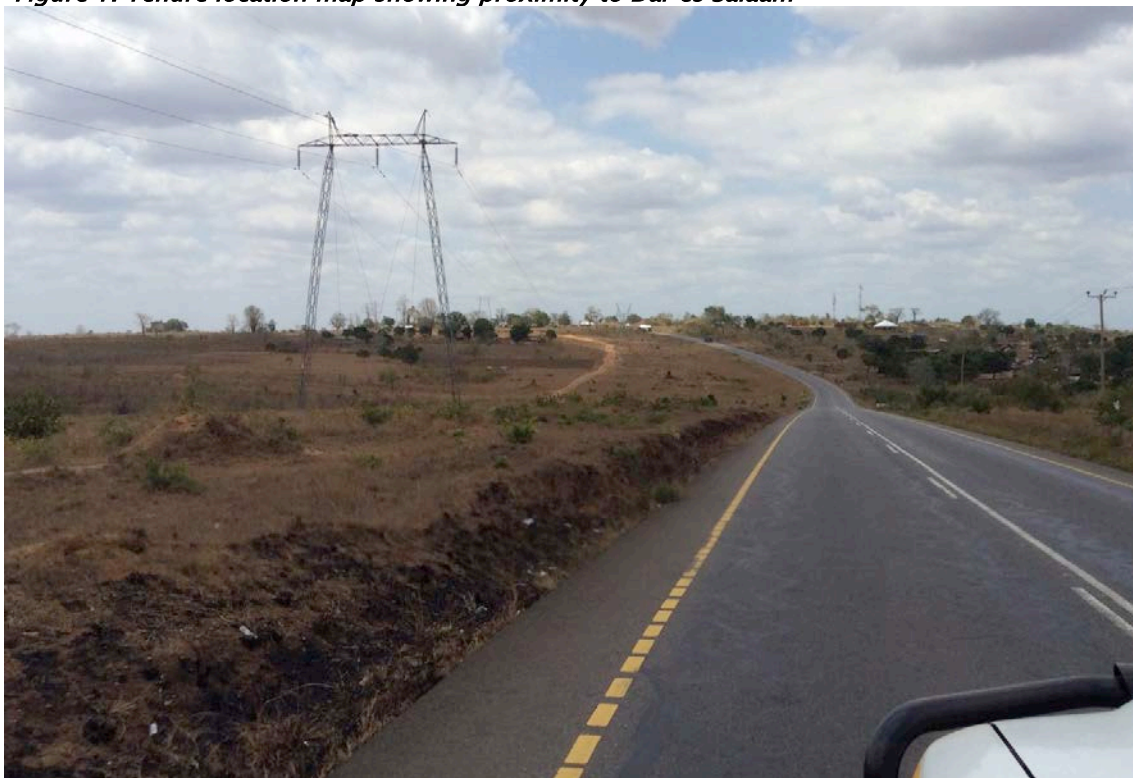


Photo 2. 132kva power line and good bitumen roads at Msata, 1.5km from prospect



Initial exploration completed by the Company has identified a significant coarse flake graphite zone covering an area of approximately 1km x 200m of outcrop and extensive float rock. The graphitic mineralisation is flat lying to shallow dipping on relatively flat ground and has an observed thickness of approximately 30m.

Preliminary analysis indicates exceptionally coarse flake graphite mineralisation, with typical graphite flake size of 2-7mm and many occurrences >10mm. The indicative graphite grade observed is 7% TGC which, whilst lower than Mahenge, has the potential to result in a premium product given the very coarse flake. Outcrop samples have been dispatched to Australia for flake characterisation.



Photo 3. 40mm massive graphite flake aggregate, the largest observed by the Company in Tanzania.

Exploration work is underway to assess the discovery outcrop area as well as conducting regional reconnaissance work with an additional team. Graphite mineralization has been observed in outcrop in four other areas, both adjacent to and up to 7km from the central zone. The Company expects to complete mapping and evaluation of the central zone by late November, to be followed by a series of test drill holes to evaluate the depth and extent of graphite mineralisation.



Key Acquisition Terms

- Black Rock Mining to be granted an exclusive option to acquire 100% of the Permits in exchange for option fee consisting of a non-refundable cash payment of USD\$50,000 and, subject to compliance with ASX Listing Rules, the issue of 1,000,000 fully paid ordinary shares in the Company ("**Option**");
- Upon payment of the option fee, Black Rock Mining to be provided an exclusive four (4) month due diligence period to explore the Permits with a commitment to spend a minimum of USD\$100,000 on exploration during this period ("**Option Period**");
- In the event that Black Rock Mining exercises the Option, initial consideration payable to the vendors will include a cash payment of USD\$200,000 and, subject to compliance with ASX Listing Rules, the issue of 4,000,000 fully paid ordinary shares in the Company;
- The Company is also committed to make the following milestone payments as required:
 - (i) USD\$750,000 cash and, subject to compliance with ASX Listing Rules, the issue of 4,000,000 fully paid ordinary shares in the Company upon announcement of a JORC compliant resource of greater than 250,000 tonnes of contained graphite at not less than 5% TGC; and
 - (ii) USD\$750,000 cash and, subject to compliance with ASX Listing Rules, the issue of 10,000,000 fully paid ordinary shares in the Company upon announcement of a JORC compliant resource of greater than 500,000 tonnes of contained graphite at not less than 5% TGC.
- For a period of two years following the exercise of the Option, the Company will be required to incur a minimum exploration expenditure of \$500,000 per annum.
- In the event that Black Rock Mining commences mineral production at the Permits, the Company is also required to issue the vendors with a 3% Net Smelter Royalty ("NSR") on all mineral production from the Permits. The Company will retain the right to acquire 2% of the NSR back from the vendors for total cash of USD\$2,750,000.
- Completion of the transaction is subject to the satisfaction of various conditions precedent, including compliance with the ASX Listing Rules, Corporations Act 2001 (Cth) (Corporations Act) or any other law to allow lawful completion of the acquisition of the Permits.



Managing Director of Black Rock Mining, Steve Tambanis, commented further, "Our Ulanzi prospect will resume drilling by the end of October with remaining drilling assay updates from the initial 17 hole programme expected over the coming weeks. The Company is now entering a significant reporting period with the imminent release of the Ulanzi Drill Hole assay results, coupled with the rapid exploration results from our mapping and sampling at the Bagamoyo Project, expected to be announced to the market in the near future."

Summary

- Black Rock Mining has acquired an exclusive option to purchase The Bagamoyo project, a new graphite discovery in Tanzania. The project features very coarse flake graphite, is located 125km from the port of Dar es Salaam and has excellent road, power and water infrastructure should an economic resource be defined.
- Exploration activities have commenced with the objective of completing mapping and sampling of the 1km x 200m discovery zone by the end of November, then commencing drilling. A regional exploration programme has begun to follow up on four additional graphite zones within the extensive 1,116km² tenure package.
- The Bagamoyo prospect broadens the Company's graphite tenure portfolio in Tanzania and offers significant upside potential to shareholders as an ultra coarse flake graphite project.

Black Rock Mining looks forward to updating its shareholders as this acquisition progresses together with our continued drilling results at our Mahenge Prospects.

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About Black Rock Mining Limited

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange. The Company has graphite tenure in the Mahenge and Bagamoyo regions, Tanzania, a country which hosts world-class graphite mineralisation. Drilling of the Epanko north prospect was completed in August 2015 and drilling of two new graphite discoveries, the Ulanzi and Cascade prospects, is currently underway. The Company plans to announce a Mahenge JORC compliant resource by the end of 2015.

The newly discovered Bagamoyo project in Tanzania hosts very coarse flake graphite and is being mapped and sampled in preparation for a drilling.

The company is building a skill and knowledge base to become an explorer, developer and diversified holder of graphite resources.

Shareholder value will be added by:

- *identifying and securing graphite projects with economic potential*
- *focussing on tenure that can be commercialised quickly by converting into JORC compliant resources; and*
- *taking these resources into production*

Our focus is on establishing a JORC resource from three advanced prospects at Mahenge, whilst further adding resource upside through exploration.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Steven Tambanis, who is a member of the AusIMM. He is an employee of Black Rock Mining Limited. Steven Tambanis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steven Tambanis consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



Bagamoyo Images



Photo 4. Weathered outcrop showing spectacular 2-10mm aggregates of graphite flakes



Photo 5. Creek outcrop showing flat lying graphite mineralised rock