JUNE 2023 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Binding agreements signed with Strategic Alliance Partner, POSCO, including:**
  - **US$10M prepayment agreement, repayable via delivery of product; and**
  - **Offtake agreement for 100% of planned life of mine graphite fines (-#100) for Module 1 production**
- **MOU signed with POSCO for supply of up to 6,000 metric tonnes per annum of high-quality large flake natural flake graphite concentrate from Module 1, further deepening the relationship with POSCO**
- **A$10M raised at A$0.115 per share in a strongly supported Placement to new and existing institutional and sophisticated investors, with cornerstone support received from a large US-based fund**
- **Lenders hosted by Black Rock management at the Mahenge Graphite Project site – all three leading potential lenders have now completed site visits and have substantially completed due diligence**
- **Debt financing process well advanced with management seeking credit-approved term sheets from lenders in Q3 CY23**
- **Significant progress has been made on supplementary studies for associated facilities (Transmission Line, Lower Access Roads and the Indenki resettlement area)**
- **A$11.7M cash at bank at 30 June 2023, reduced cash spend of ~A$3M per quarter expected until the Final Investment Decision for Mahenge.**

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Tanzanian graphite developer Black Rock Mining Limited (ASX: BKT) (**Black Rock** or the **Company**) is pleased to provide an update on activities at its Mahenge Graphite Project (**Mahenge** or the **Project**) in Tanzania for the quarter ending 30 June 2023 (the **Quarter**).

Offtake and Prepayment Agreement

During the quarter, Black Rock executed binding agreements with its largest shareholder and Strategic Alliance Partner, POSCO, to supply high purity graphite for 100% of life of mine planned fines (-#100) production from Mahenge's Module 1. The agreements also include a US$10m prepayment commitment which is linked to a visible industry pricing benchmark. The deal converts the term sheet announced on 23 December 2021 to full form agreements and supports a clear path to a qualified commercial market for Black Rock's high quality graphite concentrate.

The agreements were executed between Black Rock's Tanzanian subsidiary, Faru Graphite Corp, and POSCO International Corporation. Key terms of the Agreements include:

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Offtake	Prepayment
– Binding long form offtake agreement; – Life of mine offtake for 100% of -#100 mesh concentrate from module one; – 30ktpa (minimum quantity 20ktpa); and – Pricing mechanism linked to visible industry benchmark.	– Prepayment facility agreement; – US$10m plus capitalised interest; – To be used as part of construction financing; – Repayable via fixed amount per tonne offset against delivery of product; and – Aligned with expected project economics.

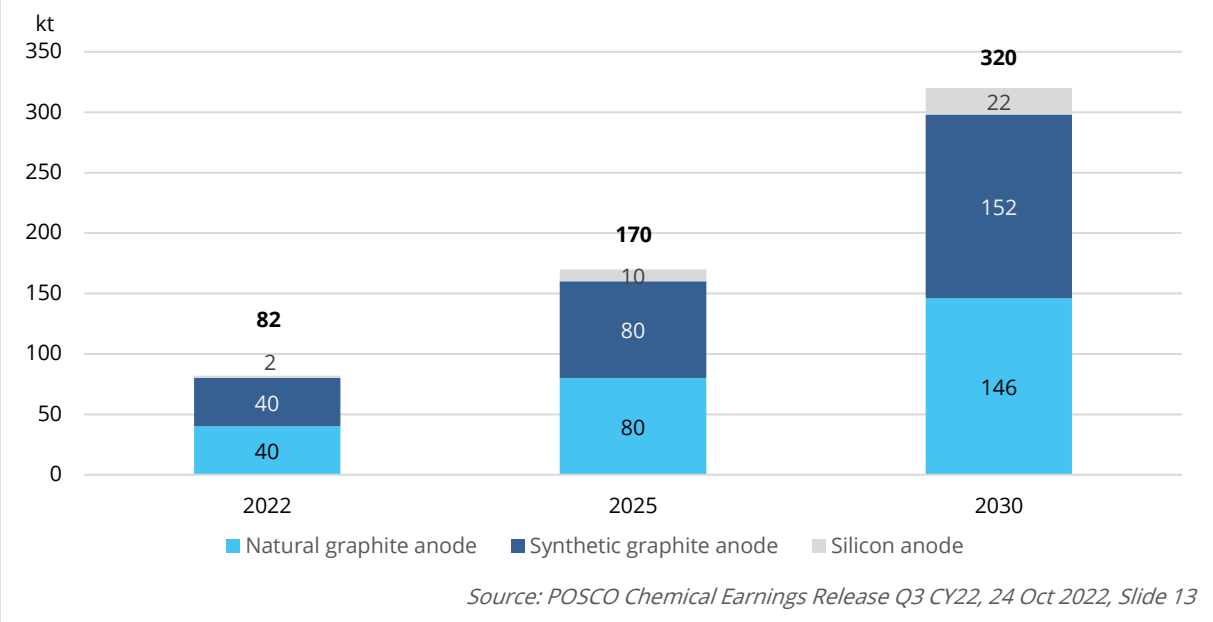

Figure 1 – POSCO's growth plans for its anode business

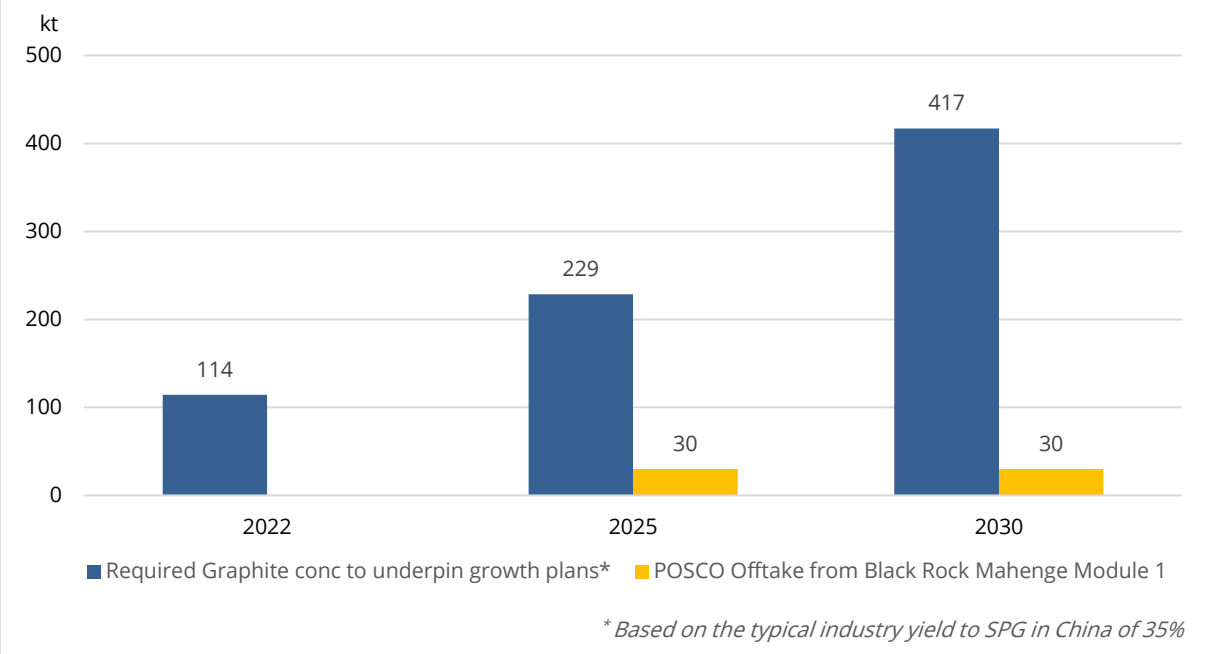

Figure 2 – POSCO's required graphite concentrate to support its natural graphite anode growth plans

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Large Flake Graphite Offtake MOU Agreement

During the quarter, Black Rock signed an MOU agreement with POSCO for the supply of up to 6,000 metric tonnes per annum of natural large flake graphite from planned production of Mahenge Module 1. Black Rock will begin negotiations with POSCO on a binding agreement subject to product specifications and commercial terms.

The MOU agreement builds on the strategic partnership between Black Rock and POSCO which is working towards the Mahenge Graphite Project becoming a significant new source of natural graphite into a highly dependent global market driven by clean energy demand. Importantly, the MOU agreement also signals further de-risking of the Company's funding strategy with deeper coverage of its offtake position with a blue-chip counterparty in POSCO.

Placement

During the quarter, the Company raised A$10 million through the issue of 86,956,525 new ordinary shares pursuant to the Company's placement capacity under ASX Listing 7.1A. The Placement shares rank equally with the Company's existing fully paid ordinary shares.

The Placement issue price of A$0.115 per share represented:

- 20.7% discount to the closing price of BKT shares on 7 June 2023; and
- 14.9% discount to the 15-day volume weighted average price (VWAP)

Placement participants received a one (1) for three (3) free attaching option exercisable at A$0.20 and which expires 24 months from issue (**Attaching Options**). The Attaching Options were issued pursuant to the Company's placement capacity under ASX Listing 7.1.

Proceeds from the Placement will be used towards general corporate expenses and working capital to complete the debt process and complete the project level partner process.

Blue Ocean Equities Pty Ltd and MST Financial Services Pty Limited acted as Joint Lead Managers to the Offer. Macquarie Capital (Australia) Limited acted as Financial Advisor.

Financing Activities

Debt financing activities progressed during the quarter with Black Rock management pleased to host the third leading potential lender for confirmatory site visits with positive feedback received. All three leading potential lenders have now completed site visits. All parties have indicated they no longer require exclusive mandates and are now close to finalising due diligence. The Company has been advised that lender Board approval for Binding Term Sheets will be sought during the third quarter CY23.

In addition, the Company is also advancing other financing options in parallel, including potentially bringing in a partner at the project level as a less dilutive option than equity. Black Rock has been encouraged by the level of interest received from industry participants, OEMs, mining companies, mining private equity funds and sovereign wealth funds. Macquarie Capital (Australia) Limited was mandated during the quarter to manage the partner process.

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Tanzania Local Activities

On 31 March 2023, the press in Tanzania reported that the 2,115MW Julius Nyerere Hydropower Project was expected to begin power generation soon.[1] The project was funded by the Government of Tanzania at a cost of 6.55 trillion Tanzanian Shillings (~US$2.7bn).

Grid power in Tanzania is currently generated by ~40% hydroelectricity / ~60% gas-fired power. Once the Julius Nyerere scheme is commissioned the percentage of grid power made up by hydroelectricity is expected to increase to up to 60-70%, which will make the Black Rock's Mahenge graphite products some of the lowest carbon footprint graphite products in the world.

Photo 1 - The 2115MW Julius Nyerere Hydropower Project is expected to begin power generation soon

A video showing progress at the Julius Nyerere Hydropower Project as at April 2023 is available via this link:

https://www.youtube.com/watch?v=pbpfiwbaj-M&t=14s

During the quarter the Company held a combined Black Rock / Faru Board meeting in Tanzania.

[1] Source: https://www.thecitizen.co.tz/tanzania/news/national/power-generation-at-julius-nyerere-dam-to-kick-off-soon-4252988

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Photo 2 – Black Rock / Faru Board members at Faru headquarters, Tanzania

Environmental and Social Governance

During the quarter the Company substantially progressed the critical path studies required to ensure compliance with the Equator Principals and IFC Performance Standards to meet lender requirements for the associated facilities of the Transmission Line, the Lower Access Road and the Indenki resettlement area of Mdindo village.

With studies progressing to completion and the Company transitioning into the management and monitoring of the environmental and social elements phase, a significant reduction in cash expenditure is expected.

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Investor Relations

During the quarter, the Company presented and/or attended several investor events and conferences including:

- Presenting at the Sydney Mining Club on 4 May 2023
- Presenting at PAC Partners / Bloomberg Battery Materials Forum on 8 May 2023
- Attending the 121 Critical Minerals Online Conference in Hong Kong on 14/15 June 2023
- Presented at Shaw and Partners Graphite Day on 20 June 2023

Photo 3 - John de Vries, CEO, Presenting at the Sydney Mining Club on 4 May 2023

Photo 4 - Black Rock Presenting PAC Partners / Bloomberg Battery Materials forum on 8 May 2023

POSCO Future M Anode Plant Visit

During the quarter, the Black Rock Mining team visited South Korea to provide POSCO with an update on the progress of the Mahenge Graphite Project. While in South Korea, Black Rock was invited to visit POSCO Future M's Anode Plant.

Photos 5 & 6 – Black Rock Mining team at the POSCO Future M Anode Plant, South Korea

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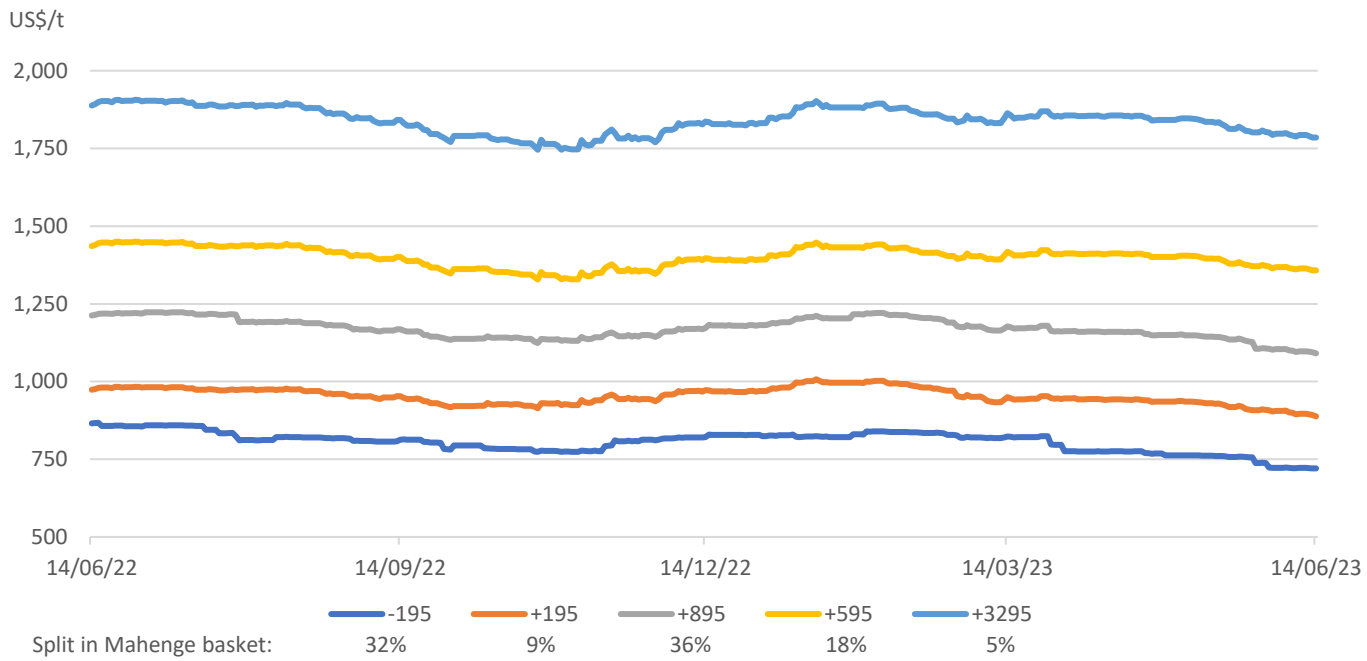
Graphite Market Outlook and Prices

Fastmarkets published graphite market commentary on 13 March 2023[2], the highlights of which are summarised below:

- Natural graphite conc prices for -194 softened 8% YTD to 2 March to US$770-770/t FOB China due to an end in Chinese EV subsidies in January 2023 and other factors;
- A few key quotes from the article include:

> *But Fastmarkets research expects stronger demand and that restocking activity will propel prices higher in the second half of the year.*
>
> *"With demand for graphite from the battery sector forecast to rise by 37% year-on-year in 2023, we expect the current pricing lull to prove temporary. We see demand growth outpacing supply in the second half of 2023,"*
>
> *And the market is expected to tighten further in 2024, with continuing growth in demand exceeding the likely increases in supply.*
>
> *"Deficit conditions will worsen in 2024, with demand for graphite from the battery sector forecast to rise by a further 29%, while delays to new natural graphite projects persist, propelling prices higher through 2024."*



Source: RefWin, Asian Metals, ICC Sino, Black Rock Mining

[2] Source: https://www.fastmarkets.com/insights/graphite-anode-market-a-rocky-road-ahead

Figure 3 - Graphite Prices over last 12-months for Mahenge's 5 products

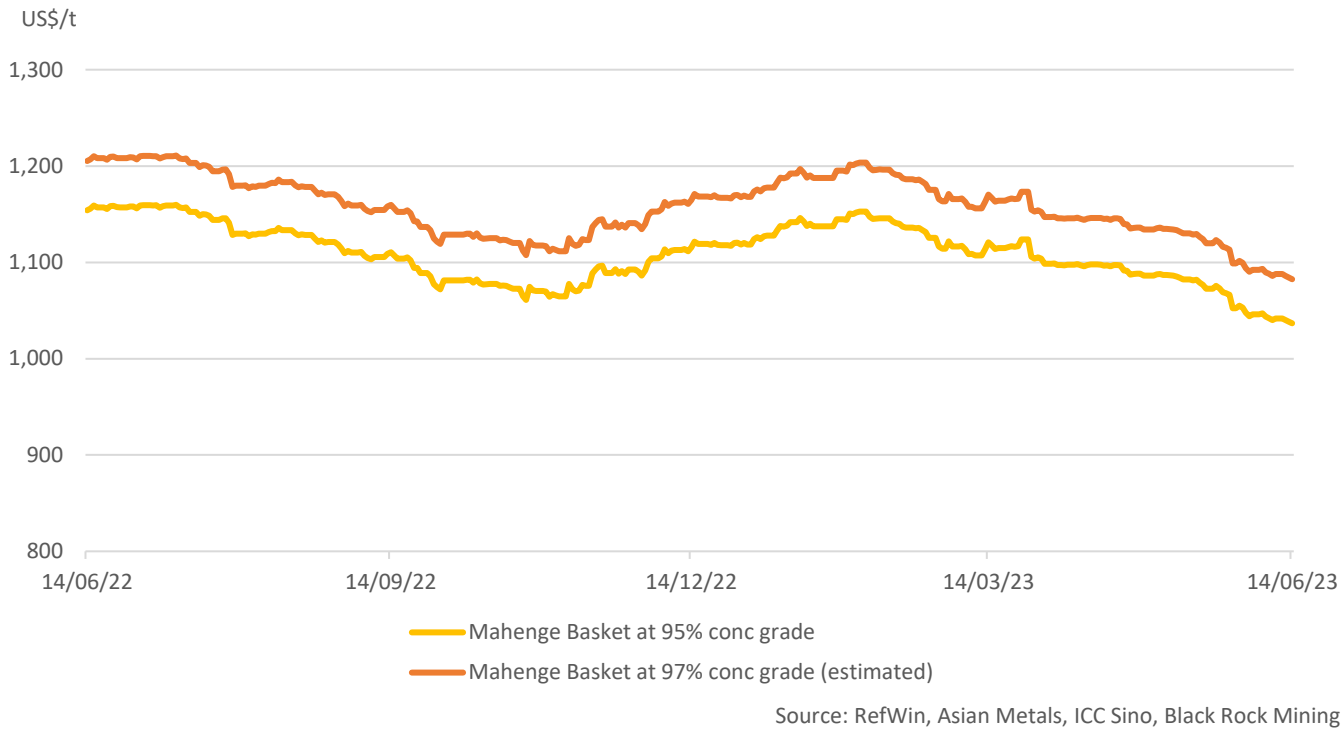


Figure 4 - Graphite Prices over last 12-months for Mahenge's basket

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Events subsequent to quarter end

On 3 July 2023, Black Rock's major shareholder and Strategic Alliance partner, POSCO, announced that it will invest 121 trillion won (US$93 billion) by 2030 to step up as "a global leader in eco-friendly materials".[3]

"With the investment, (the group) will secure future technologies, stay ahead in the growing industries and work toward a sustainable future through green materials," POSCO Group Chairman Choi Jeong-woo said at the ceremony.

Under the plan, POSCO said it will consolidate its leadership in the steel manufacturing business while seeking aggressive expansion of its burgeoning battery materials and hydrogen businesses.

[3] Source: https://www.koreaherald.com/view.php?ud=20230703000693

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Capital Management

The Company had cash reserves of A$11.7M at 30 June 2023, and now expects a reduced cash spend of ~A$3M per quarter until the Final Investment Decision for Mahenge.

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

During the quarter A$164,000 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
Consulting	803
Site costs	222
Tenement administration	238
ESIA	1,620
RAP	74
Total	**2,957**

Tenement summary

License number	Opening	Additions	Disposals	Closing
PL 10427/2014*	100%	-	-	100%
SML 626/2022*	84%	-	-	84%
PL 21382/2022*	84%	-	-	84%

* 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 an 84% interest in the world-class Mahenge Graphite Project (**Mahenge**) located in Tanzania. In October 2018, the Company released a Definitive Feasibility Study (**DFS**) for Mahenge. This was enhanced (**eDFS**) in July 2019 (ASX Announcement 25 July 2019). Black Rock has obtained all Environmental approvals, Mining Licences and its Resettlement Action Plan with clear title to the eDFS project area.

In June 2020, Black Rock announced a Strategic Alliance with POSCO for the development of Mahenge. This included an equity investment of US$7.5M, signed in February 2021, followed by an offtake agreement for the fines for Module 1 (32% of volume) plus a US$10M prepayment facility. POSCO signed the full form Offtake agreement for the fines for Module 1 and full form US$10M prepay agreement in May 2023. POSCO has also signed an MOU for 6ktpa of large flake graphite from Module 1 (7% of volume) increasing POSCO's offtake interest to almost 40% of Module 1.

In December 2021, Black Rock signed a Framework Agreement with the Government of Tanzania confirming a 16% Free Carried Interest shareholding, agreed to consolidate its Mining Licenses into a Special Mining Licence (SML). The SML for Mahenge was issued in September 2022. The Company is now construction-ready subject to financing.

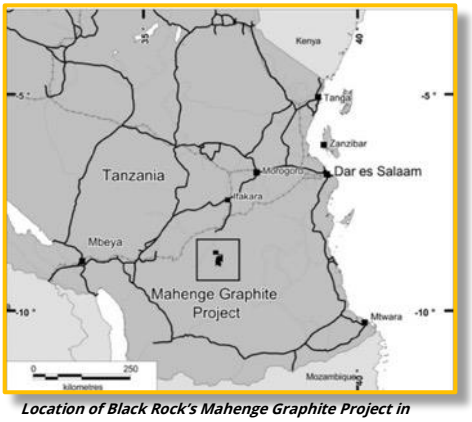
Black Rock completed a FEED process (Front End Engineering Design) in September 2022, re-estimating the capital and operating costs for Mahenge as part of the eDFS Update[1]. The eDFS Update confirmed Mahenge as a robust project with attractive returns. Key project metrics comprise:

- *Tier 1 Scale*: Mahenge has a resource of over 200mt and the 2nd largest graphite reserve globally
- *Modular development approach*: Module 1 Capex of US$182m[2];
- *1st quartile on the global cost curve*: Adjusted C1 Cash cost of US$359/t[3]
- *Attractive projected returns:* Unlevered IRR post-tax, post free carry of 36%[4]
- *Substantial upside potential*: $NPV_{10\ nominal}$ post-tax, post free carry of A$2.1bn or US$1.4bn[4]

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).

JORC Compliant Mineral Resource Estimate and Ore Reserve[5]

Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	70.5	8.5	6.0
Total Ore Reserves	**70.5**	**8.5**	**6.0**
Mineral Resources			
- Measured	31.8	8.6	2.7
- Indicated	84.6	7.8	6.6
Total M&I	**116.4**	**8.0**	**9.3**
- Inferred	96.7	7.4	7.2
Total M, I&I	**213.1**	**7.8**	**16.6**



Location of Black Rock's Mahenge Graphite Project in Tanzania

For further information on Black Rock Mining Ltd, please visit **www.blackrockmining.com.au**

1 Refer market announcement dated 10 October 2022: Black Rock Completes Front End Engineering Design, Reconfirming Mahenge as Tier 1 scale project with compelling projected returns. The Company confirms that all the material assumptions underpinning the production target, or forecast financial information derived from the production target, in the original market announcement continue to apply and have not materially changed.
2 Excludes U$33m for the power line upgrade on behalf of TANESCO, the Tanzanian Govt power authority. This outlay is essentially a prepayment of power costs, which are expected to be ~US8c/kWh less a meaningful rebate to recoup the power line cost. Forecast Capex has been classified as a Class 2 estimate with accuracy of ±10% as defined by AACE.
3 Adjusted for larger proportion of higher value large flake compared to global peers. Access to low-cost, hydro-dominated grid power is one of BKT's key competitive advantages.
4 Based on Expert Consensus graphite price forecasts, based on the average graphite price forecasts from Benchmark Mineral Intelligence, Fastmarkets and Wood Mackenzie
5 Resource Estimate as released to ASX on 3 February 2022: BKT Confirms 25% increase in Measured Resources and Ore Reserve Estimates as released to ASX on 8 August 2017: BKT delivers Exceptional Optimised PFS. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters underpinning the estimates of Mineral Resources or Ore Reserves in the original market announcements continue to apply and have not materially changed.

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Directors
Richard Crookes — Chairman
John de Vries — Managing Director & CEO
Ian Murray — Non-Executive Director

www.blackrockmining.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Black Rock Mining Limited

ABN	Quarter ended ("current quarter")
59 094 551 336	30 June 2023

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(1,141)	(4,209)
	(e) administration and corporate costs	(672)	(1,833)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	81
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)		
	- Project financing	(116)	(885)
	- Marketing	(13)	(185)
	- Foreign subsidiary costs	(682)	(2,024)
1.9	**Net cash from / (used in) operating activities**	**(2,607)**	**(9,055)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(264)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(c) property, plant and equipment	(31)	(651)
	(d) exploration & evaluation	(2,957)	(15,594)
	(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**	**(2,988)**	**(16,509)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,000	10,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	188	1,213
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(554)	(562)
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**	**9,634**	**10.651**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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	7,628	26,234
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,607)	(9,055)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,988)	(16,509)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,634	10,651
4.5	Effect of movement in exchange rates on cash held	27	373
4.6	**Cash and cash equivalents at end of period**	**11,694**	**11,694**

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	1,147	1,214
5.2	Call deposits	10,305	6,172
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
	- Cash backing credit cards	145	145
	- Cash backing lease	97	97
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**11,694**	**7,628**

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	164[1]
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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 fees.*

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7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
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.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,607)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,957)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,564)
8.4	Cash and cash equivalents at quarter end (item 4.6)	11,694
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	11,694
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2.1

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 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:

n/a

8.8.2 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:

n/a

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: n/a.	

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 19 July 2023

Authorised by: .....The Board.....

(Name of body or officer authorising release – see note 4)

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.

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