BLACK ROCK MINING COMMENCES MINING LICENCE APPLICATION PROCESS TO ENABLE COMMENCEMENT OF CONSTRUCTION IN 2H CY2018

HIGHLIGHTS

- Mining Licence application process commenced on 5 February 2018 with the submission of the draft Environmental and Social Impact Assessment (**ESIA**) to the National Environment Management Council (NEMC) of Tanzania
- The Company expects to lodge its final application in May 2018 post receipt of comments on the draft ESIA
- DFS remains on track for completion in 2H CY2018 with the following milestones completed or in train:
  - Metallurgical infill drilling and sampling program completed
  - Pilot plant run on 140 tonnes of ore currently stored in Canada to commence in March with concentrate produced to be used to commence pre-qualification process with potential partners
  - Second pilot plant run to complete variability test work focussed on initial five years of production scheduled for September 2018
- Commencement of construction remains on target for late 2H CY2018

Tanzanian graphite developer Black Rock Mining Limited (BKT: ASX) ("Black Rock" or "the Company") is pleased to report it has commenced the formal mining licence application process, and provides an update on its 100%-owned Mahenge Graphite Project ("Project"). It is also pleased to report the DFS remains on track for completion in 2H CY18 with construction also targeted to commence in the current calendar year.

Black Rock Mining's CEO John de Vries commented:

"Black Rock is progressing the DFS on Mahenge Module 1. The study remains on schedule and budget for delivery in H2 2018. The availability of concentrate from the pilot plant is important as it delivers real concentrate to support marketing and development of offtake agreements. The ability to place credible volumes of product in the hands of potential offtake partners is a significant differentiator and will rapidly accelerate our marketing capacity.

As part of the Pre-Feasibility Study we articulated our core business strategy of ***Crawl, Walk, Run***. Succinctly this strategy is about risk management. This is about always having data to support our investment decisions and a business plan that is flexible and opportunistic, but is well supported by clear and well understood planning. In this regard, nothing has changed, we remain of the view that Mahenge is the best undeveloped graphite asset globally and has potential to be a globally significant supplier of premium grade and size concentrates to the rapidly growing graphite markets"

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Issued Capital
443m Shares
67.2m Options
2.4m Performance Rights

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Commencement of Mining Licence Application Process

The mining licence application process in Tanzania can be summarised as follows:

1. Company submits a draft ESIA to NEMC for consideration;
2. NEMC reviews the proposed ESIA and responds with additional requirements and comments, if any;
3. Company incorporates comments into final ESIA;
4. Company submits final mining licence application documents including finalised EISA, Local Content Plan, Human Resources Plan, Resettlement Framework and Mine Plans to the Mining Commission and
5. All documents are considered and mining licence is awarded subject to conditions, if any.

Tanzanian experience suggests this process should take between six and eight months.

On 5 February 2018, the Company commenced the mining licence application process by submitting a draft of the ESIA to NMEC. Importantly, the draft of the ESIA was prepared using Tanzanian-based specialist consultants.

In addition to the submission of the draft ESIA, the Company has commenced development of the Resettlement Policy Framework (RPF). The RPF develops policies, procedures and processes to mitigate any adverse social impacts associated with project development and mine operation. Based on baseline surveys completed in 2016, the Company believes minimal resettlement will be necessary as shown in aerial photo of the site below. This is consistent with its environmental light touch approach to mine design and operations.

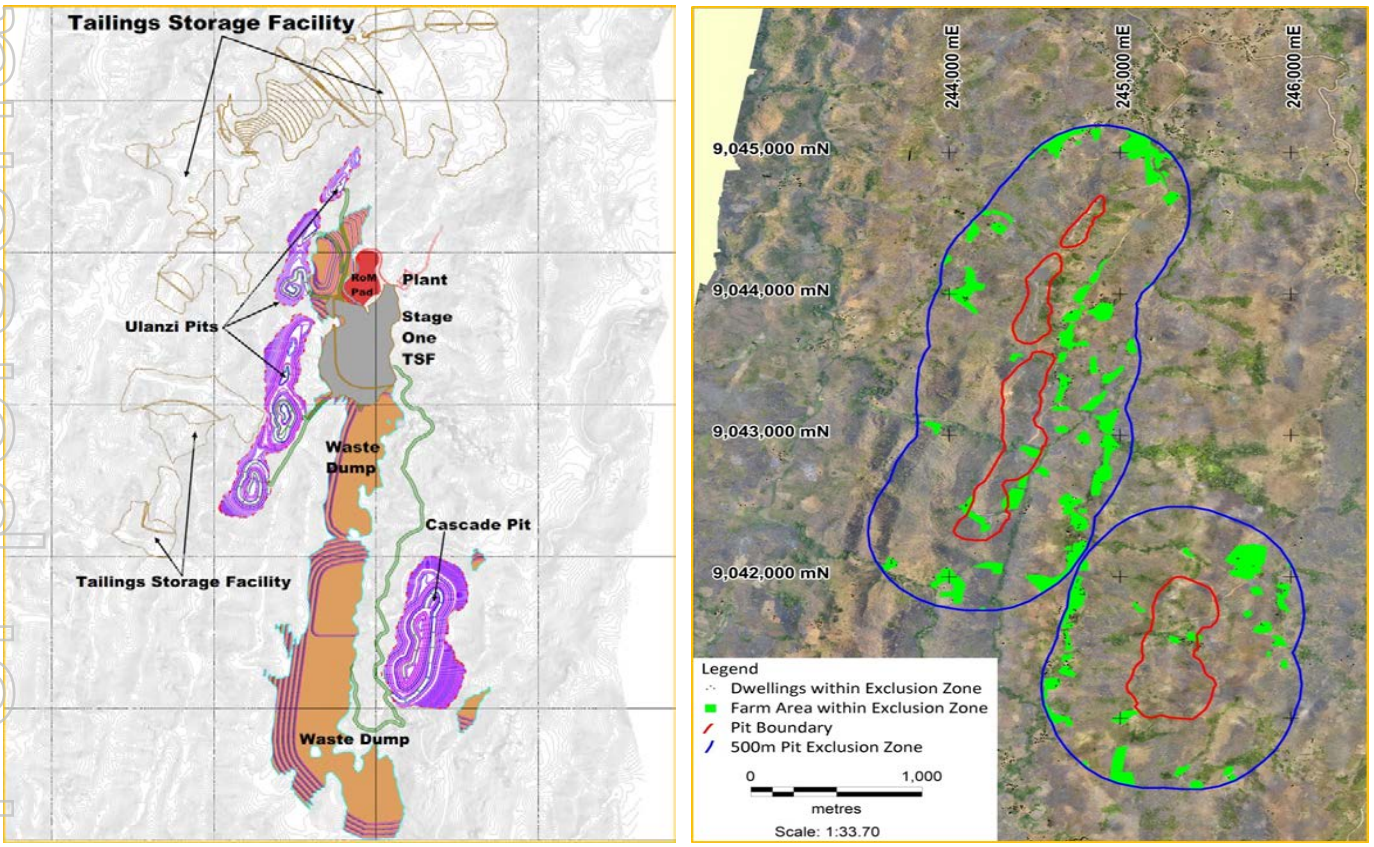

Figure 1 and 2: maps showing proposed mine layout and aerial photo of dwellings within mining zone.

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Bulk Sampling and Metallurgical Infill Drill Campaign

As part of the DFS workflow, a 1,800m PQ sized, metallurgical drill campaign has been completed. The campaign was designed to provide adequate metallurgical sample to provide for metallurgical variability sampling and a second round of pilot plant testing targeted for completion in September 2018. The completed drill and sampling program is focused on providing detailed information of the first five years of plant performance and additional concentrate production for marketing purposes. This is important as it provides the basis for appropriate financial assessment of operating costs, and additional concentrate production to continue front end loading market development.

Samples will be transported to SGS Canada for a second pilot plant run, as part of the calibration process for FEED (Front End Engineering and Design) process post DFS.

Pilot Plant

A pilot plant run is on target to commence in March 2018 with 140 tonnes of ore stored in SGS Canada to be used for this run. The plant will initially run on Cascades ore and switch to Ulanzi ore once process parameters are fully developed. Concentrate from the pilot plant will be used for vendor test work before being dispatched to potential customers as part of the pre-qualification process.

A second pilot plant run using core and sample from the metallurgical infill drill campaign will be run later in the year. The second campaign will provide follow up concentrate for continued pre-qualification and product development.

The second pilot plant will provide validation of the planed process flow sheet, quantify vendor performance warranties, and increase volume of product available for pre-qualification and customer acceptance testing.

Definitive Feasibility Study Remains on Track

CPC Design has commenced engineering design of the plant and infrastructure for Module 1 at Ulanzi, Mahenge. The study remains on budget and schedule for delivery in H2 2018.

Process design criteria, including flow sheets and mass balances will be finalised once the first pilot plant run scheduled for March 2018 is completed.

Tanzania

The Ministry of Minerals released Tanzania's mining code in early February. The new code has not yet been gazetted and is subject to some finessing.

The Company continues to have constructive dialogue with Tanzanian officials.

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Figure 3: Photo of Board inspection of samples at Mahenge

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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 announced a JORC compliant Mineral Resource Estimate of 211.9m tonnes at 7.8% TGC for 16.6m tonnes of contained Graphite, making the Mahege Graphite Project one of the largest JORC compliant flake graphite Mineral Resource Estimates globally. Over 50% of the Mineral Resource is in the Measured and Indicated categories. In April 2017, Black Rock announced results of a Preliminary Feasibility Study (PFS) for its Mahenge Graphite Project which confirmed its potential as a long-life, low capex, high margin operation.

The PFS estimated a post-tax, unlevered, internal rate of return ("IRR") for the Project of 48.7%; and a net present value (NPV) using a discount rate of 10% (NPV10) of US$624m. Black Rock confirms, that except for the proposed legislative changes relating to 16% free carry position of the Tanzanian Government and the royalty fee increasing to 4.3%, the key assumptions used in the PFS have not materially changed and that the material assumptions continue to apply per the PFS announcement released to the ASX on 24 April 2017. Subject to clarification on Tanzanian legislative changes, Black Rock is moving towards commencing a Definitive Feasibility Study (DFS). With a successful DFS and associated financing, construction could commence in 2018 with first production in 2019.

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.

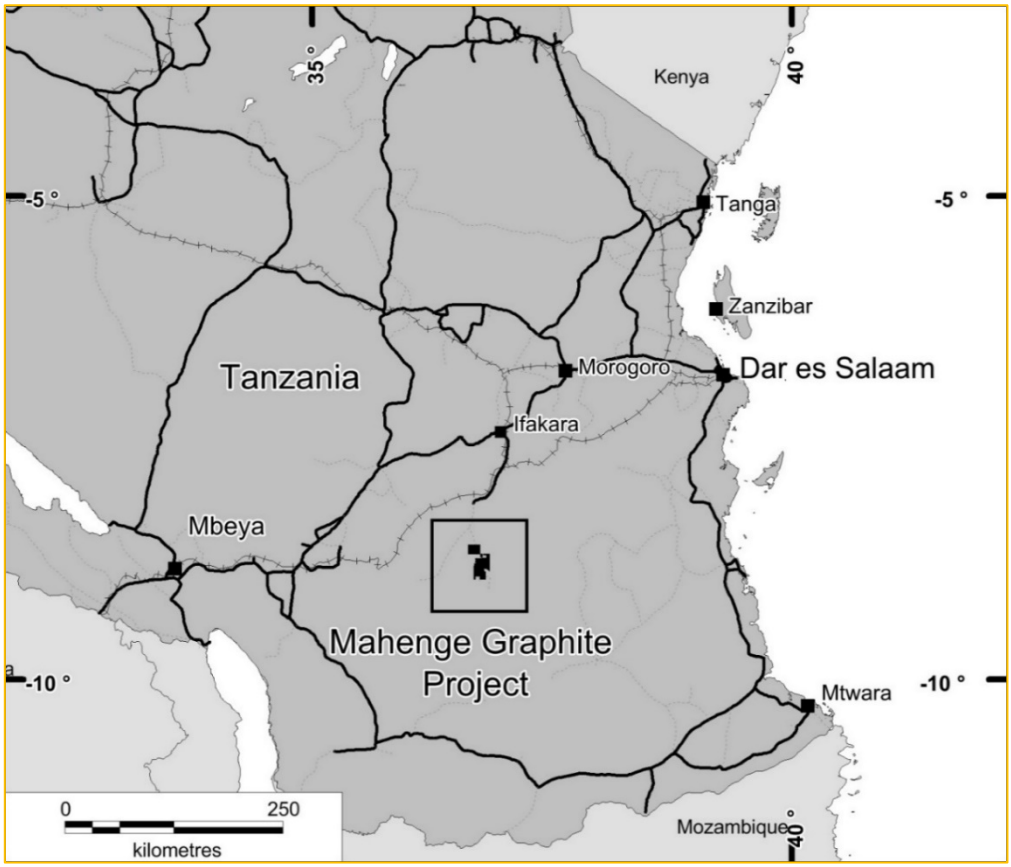

Figure 4: Location of Black Rock's Mahenge Graphite Project within Tanzania

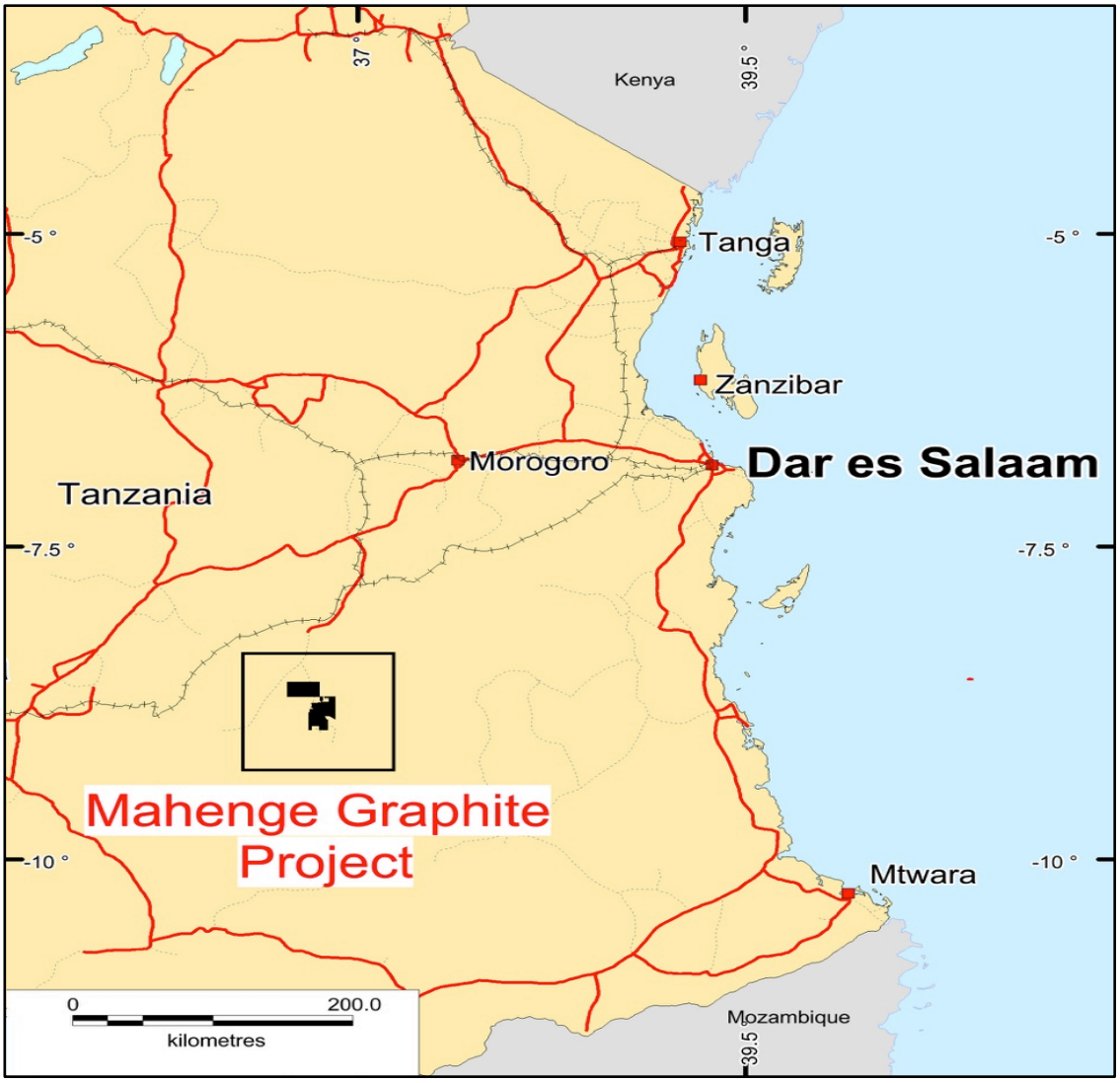

Figure 5: Location of Black Rock's Mahenge Graphite Project within Tanzania

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