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BlackEarth Minerals NL

ACN: 610 168 191

Level 1
675 Murray Street
West Perth WA 6005

PO Box 1088
West Perth WA 6872

Mobile 0411 475 376
info@blackearthminerals.com.au
blackearthminerals.com.au

CLARIFICATION ON MINERALOGY CONFIRMED AS HIGH QUALITY LARGE FLAKE GRAPHITE AT MANIRY

- **Preliminary mineralogy undertaken on samples from Maniry graphite project**
- **Frequent high value 500+ micron jumbo flakes reported - up to 1mm in length**
- **All flakes reported as free of any internal contaminants confirming the high quality nature of the graphite**
- **Mineralogy points towards high quality low cost premium product**

BlackEarth Minerals NL (ASX: BEM) (the **Company** or **BlackEarth**) has received a mineralogical report (Report or Townend) dated 31 January 2018 undertaken by Townend Mineralogy Laboratory on samples taken from the Company's Maniry graphite project in southern Madagascar.

Polished sections were reviewed by Townend Mineralogy Laboratory from 8 diamond core samples taken from the Razafy, Ivan, Haja and Fita areas in the Maniry graphite project where the Company has defined 34 large scale zones of prominently outcropping highly predictable graphite mineralisation over an area of 6.5km x 2.5km; the northern region of the Maniry project is pictured in Figure 1 (Also see Tables 1 & 2 and Appendix 1 for further detail).

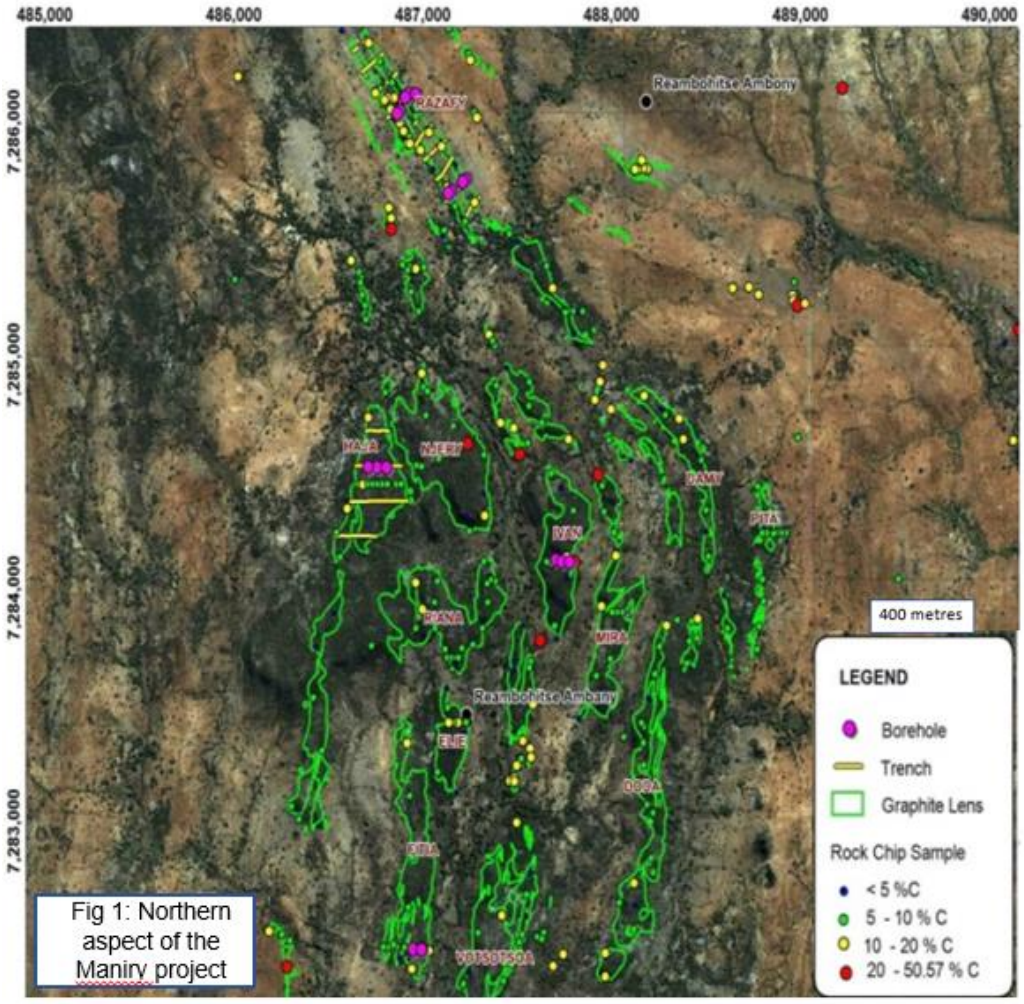


Fig 1: Northern aspect of the Maniry project

The Report states:

- “Graphite is a significant mineral in all samples and its habit, typically reflects the nature of the associated gangue” (kaolin/clay).
- “As a result of the close association with “kaolin’, much of the graphite has extreme dimensions, lengths frequently > 500 micron”.
- “Contamination of the graphite otherwise is limited to pyrite as margins and within cleavages in the totally fresh drill core, and close marginal rather than internal association with goethite in several altered others.”

Given the current global shortfall in large flake supplies, these results are seen as very encouraging.

- Jumbo flake sized graphite (>300micron) typically attracts a significant price premium over fine to large flaked concentrates.
- The lack of contaminants inside the flakes also suggests the potential for high purity graphite production which is used in higher value end products (eg Li-ion batteries).
- This is seen as a key component in attracting product sales.

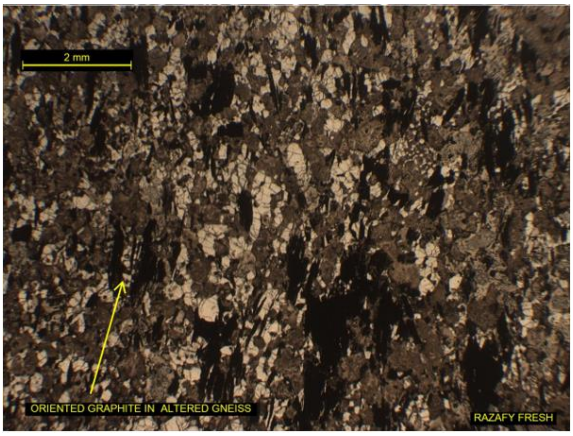


Fig 2: Photomicrograph of Razafy (Fresh) Sample

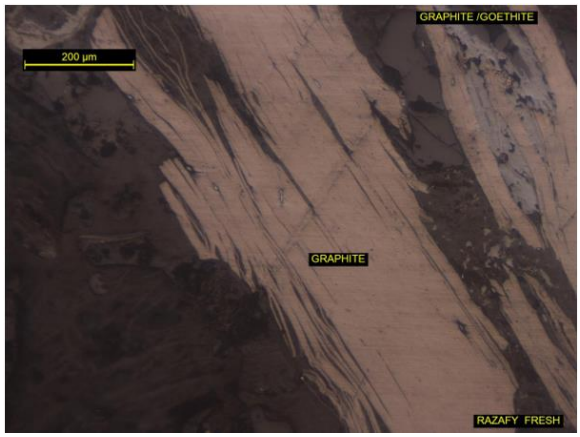


Fig 2: Photomicrograph of Razafy (Fresh) Sample

Drilling, scheduled to commence shortly, will initially focus on the Razafy area where previous diamond drilling and trenching identified high grade near surface mineralisation. The Report issued to BlackEarth, analysed both weathered and fresh samples. The Report’s findings highlighted Razafy as having:

- Coarse inclusion-free flakes with long dimensions frequently in excess of 500 micron and occasionally a millimetre (weathered material);
- Graphite flakes commonly exceeding 100 micron in width (weathered material); and
- Graphite occurrence related to the banding lithology (clay, quartz and dominant quartz). In feldspar rich areas, graphite flakes often exceed 400 micron while in clay rich bands, graphite is often in excess of 500 microns in length (fresh material – see Figures 2 & 3 above).

Managing Director, Tom Revy commented:

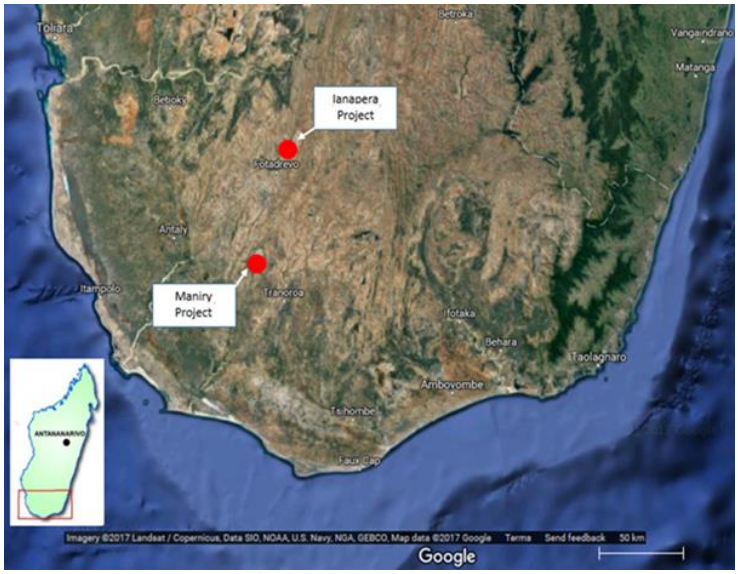
> This report by globally respected Townend Mineralogy Laboratory, reaffirms the quality and potential high value nature of the graphite contained in the Maniry project. Core to be generated from the upcoming drill program will not only be used for resource definition, but will also be used for ongoing mineralogy and metallurgical test work. BEM is still on target to complete a scoping study on the Maniry project by the end of 2018.

MEDIA CONTACTS

Tom Revy, BlackEarth Minerals NL 08 6145 0289 | 0411 475 376

About BlackEarth Minerals NL

BlackEarth Minerals NL (ASX: BEM) ("Company") is an ASX listed company focused on the exploration and development of its 100% owned Madagascan and Western Australian graphite projects.



The location of the Company's graphite projects: Madagascar (Maniry & Ianapera - above), Western Australia (Yalbra, Northern Gully, Greenhills & Donnelly River - left)

The Company's Madagascan projects consist of two primary exploration areas: the main Maniry project ("Maniry") in the south, and the Ianapera project ("Ianapera") in the north. Maniry is highly prospective for large-scale, high-quality graphite deposits and is currently at an advanced evaluation stage pending additional work to establish an initial resource, which is expected to be completed by mid-2018. Results, from samples taken within 50m of surface, have been received of 10m at 10.2% TGC, 12m at 11.6% TGC and 14m at 11.3% TGC, as disclosed in the Company's Replacement Prospectus dated 24 November 2017.

Ianapera is located within 10 km of NextSource Material Inc's (TSX: NEXT) Molo graphite deposit. It consists of a series of high-grade outcrops, up to 800m long and 30m wide, of graphite mineralisation within a broader graphite trend. These high-grade (15%+ TGC), near-surface exposures of graphite mineralisation lie over the top of a large conductive body, which indicates the potential presence of a large graphitic mineralised system.

The Company's Western Australian graphite assets include project areas that have been partially explored by a number of companies in the past, with encouraging results reported from several locations. The Company researched graphite data via the extensive historical Western Australian Mineral Exploration (WAMEX) database, which has already led to the identification of targets which will be the focus of initial exploration activities.

For more information – www.blackearthminerals.com.au

Competent Person's Statement

The information contained in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Peter Langworthy, a member of The Australasian Institute of Mining and Metallurgy. Mr Langworthy has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Langworthy consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

TABLE (1) – DRILL HOLE LOCATION DETAILS

Hole_ID	Prospect	Depth (m)	Easting	Northing	RL (m)	Azimuth	Dip
MNDD001	Razafy	84.80	486806	7285996	306	233	-60
MNDD002	Razafy	109.90	486822	7286009	289	233	-60
MNDD003	Razafy	117.60	486850	7286066	306	233	-60
MNDD004	Razafy	95.70	486870	7286082	310	233	-60
MNDD005	Ivan	55.70	487715	7284073	302	93	-50
MNDD006	Ivan	69.15	487674	7284074	303	93	-50
MNDD007	Ivan	66.30	487641	7284081	301	93	-50
MNDD008	Haja	122.00	486700	7284480	297	270	-60
MNDD009	Haja	118.80	486753	7284479	291	270	-60
MNDD010	Razafy	82.60	487076	7285654	287	240	-60
MNDD011	Razafy	113.00	487092	7285663	290	240	-60
MNDD012	Razafy	58.80	487155	7285693	298	240	-60
MNDD013	Razafy	142.00	487174	7285698	293	240	-60
MNDD014	Fitia	90.30	486890	7282413	283	90	-80
MNDD015	Fitia	68.00	486936	7282411	273	90	-80
MNDD016	Haja	82.95	486655	7284480	302	270	-60
MNDD017	Razafy	111.00	486905	7286078	304	233	-60

For additional information please refer to the Replacement Prospectus dated 24 November 2017

TABLE (2) – SAMPLE LOCATIONS FOR POLISHED THIN SECTION ANALYSIS

Thin Section ID	Hole_ID	Depth (m)	Prospect	Hole Depth	Type	WGS84 - Z38S		RL
						Easting	Northing	
RF1	MNDD001	28.5	Razafy	84.18	DDH	486,806	7,285,996	294.5
RW1		7.5						
IF1	MNDD006	19.5	Ivan	69.15	DDH	487674	7284074	303
IW1		5.5						
HF1	MNDD008	47.5	Haja	122	DDH	486700	7284480	292.17
HW1		8.5						
FF1	MNDD015	13.5	Fitia	68	DDH	486936	7282411	273
FW1		4.5						

APPENDIX 1
Table 1 JORC Code, 2012 Edition
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Sampling techniques</td><td>· Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.
· Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.
· Aspects of the determination of mineralisation that are Material to the Public Report.
· In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</td><td>DRILL CORE SAMPLING
Sampling consisted of 2m composite samples of quarter core from all significantly mineralised zones. Samples were cut using a diamond blade core saw. Duplicate samples were collected every ~20th sample for QAQC purposes. Sampling is considered to be comprehensive and representative. Remaining core was retained as a permanent reference.

THIN SECTION SELECTION
Representative “spot” samples were taken from half diamond core samples from the following drill hole locations. Samples were taken from both weathered and fresh mineralised zones.

<table>
<tr><th rowspan="2">Thin Section ID</th><th rowspan="2">Hole_ID</th><th rowspan="2">Depth (m)</th><th rowspan="2">Prospect</th><th rowspan="2">Hole Depth</th><th rowspan="2">Type</th><th colspan="2">WGS84 - Z38S</th><th rowspan="2">RL</th></tr>
<tr><th>Easting</th><th>Northing</th></tr>
<tr><td>RF1</td><td rowspan="2">MNDD001</td><td>28.5</td><td rowspan="2">Razafy</td><td rowspan="2">84.18</td><td rowspan="2">DDH</td><td rowspan="2">486,806</td><td rowspan="2">7,285,996</td><td rowspan="2">294.5</td></tr>
<tr><td>RW1</td><td>7.5</td></tr>
<tr><td>IF1</td><td rowspan="2">MNDD006</td><td>19.5</td><td rowspan="2">Ivan</td><td rowspan="2">69.15</td><td rowspan="2">DDH</td><td rowspan="2">487674</td><td rowspan="2">7284074</td><td rowspan="2">303</td></tr>
<tr><td>IW1</td><td>5.5</td></tr>
<tr><td>HF1</td><td rowspan="2">MNDD008</td><td>47.5</td><td rowspan="2">Haja</td><td rowspan="2">122</td><td rowspan="2">DDH</td><td rowspan="2">486700</td><td rowspan="2">7284480</td><td rowspan="2">292.17</td></tr>
<tr><td>HW1</td><td>8.5</td></tr>
<tr><td>FF1</td><td rowspan="2">MNDD015</td><td>13.5</td><td rowspan="2">Fitia</td><td rowspan="2">68</td><td rowspan="2">DDH</td><td rowspan="2">486936</td><td rowspan="2">7282411</td><td rowspan="2">273</td></tr>
<tr><td>FW1</td><td>4.5</td></tr>
</table>

The initial samples were cut by diamond core on site and samples provided to Townsend Mineralogical Laboratory Pty Ltd in Perth, Australia, for industry standard preparation of polished thin sections.</td></tr>
<tr><td>Drilling techniques</td><td>· Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</td><td>Diamond drilling was undertaken. Core sizes collected were HQ and NQ in 3m intervals. Core was not orientated.</td></tr>
<tr><td>Drill sample recovery</td><td>· Method of recording and assessing core and chip sample recoveries and results assessed.</td><td>Core recovery was routinely recorded every metre by a trained geologist. Core recovery at the start of hole, 0-10m, averaged 65% recovery whilst from 10m</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	· *Measures taken to maximise sample recovery and ensure representative nature of the samples.* · *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	onwards recovery typically ranged between 95-100%. Mineralised zones reported in this announcement have incurred core loss, at this stage it is unsure whether a relationship exists between grades and core loss.
Logging	· *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* · *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* · *The total length and percentage of the relevant intersections logged.*	All rock chip and channel samples were logged by a qualified and experienced geologist. All holes were logged by a qualified and experienced geologist. All sample logging included descriptions of geotechnical, mineralisation, structural and lithological aspects and was digitally recorded using an industry standard code system. Core was formally photographed. Data collected offers sufficient detail for the purpose of interpretation and further studies.
Sub-sampling techniques and sample preparation	· *If core, whether cut or sawn and whether quarter, half or all core taken.* · *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* · *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* · *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* · *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* · *Whether sample sizes are appropriate to the grain size of the material being sampled.*	The rock chip and channel composite sampling was deemed to be comprehensive and representative for the style/type of mineralisation under investigation. Duplicate samples were taken approximately every ~20th sample for QAQC purposes Quarter core was cut using a diamond core saw and collected for assay. 2 metre composite sampling was deemed to be comprehensive and representative for the style/type of mineralisation under investigation. Duplicate samples were taken (remaining quarter core) approximately every ~20th sample for QAQC purposes
Quality of assay data and laboratory tests	· *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* · *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	All samples were prepared at Intertek-Genalysis Madagascan operations. Samples were pulverised and split into 200g samples and freighted to ACME laboratories in Canada for Assay. Samples were leached with concentrated nitric acid followed by KOH and finally dilute HCl then analysed by a LECO Carbon-Sulphur analyser to give a Total Graphitic Carbon (TGC) percentage. The laboratory procedures are considered to be appropriate for reporting TGC according to industry best practice. The insertion of CRM's and duplicates every

Criteria	JORC Code explanation	Commentary
	· *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	~20 samples by MGY was used as an internal means of QAQC of laboratory standards. No issues were encountered.
Verification of sampling and assaying	· *The verification of significant intersections by either independent or alternative company personnel.* · *The use of twinned holes.* · *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* · *Discuss any adjustment to assay data.*	Significant samples and drilling intersections have been verified by consulting geologists to the group, OMNI GeoX Pty. Ltd. No holes have been twinned. All data has been captured digitally upon logging and stored digitally securely within the Perth head office database.
Location of data points	· *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* · *Specification of the grid system used.* · *Quality and adequacy of topographic control.*	All XYZ surveying was collected using a handheld Garmin GPS accurate to ±4m. Projection and Grid system used: UTM (WGS84) Z38S
Data spacing and distribution	· *Data spacing for reporting of Exploration Results.* · *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* · *Whether sample compositing has been applied.*	Sample spacing for rock chip samples was dependent on the distribution of each outcrop. Channel sampling was based on geological mapping to determine a representative location of the graphite lense. Drill hole spacing on each section is between 20-40m across various prospects over a 20km2 area.
Orientation of data in relation to geological structure	· *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* · *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The orientation of the rock chip samples, channel composite and drilling is not expected to introduce sampling bias. Most drill holes have intersected the mineralisation at near perpendicular angles to strike.
Sample security	· *The measures taken to ensure sample security.*	Samples were packaged and stored in secure storage from the time of gathering through to submission. Laboratory best practice methods were employed by the laboratory upon receipt.

Criteria	JORC Code explanation	Commentary
Audits or reviews	· *The results of any audits or reviews of sampling techniques and data.*	An audit of the sampling technique and data was carried out by consulting geologists to the group, OMNI GeoX Pty. Ltd. and deemed to have been satisfactory.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	· *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* · *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Work was undertaken upon permits 5391, 5392,5393, 25093, 25094, 5394, 39750, 39751,3432, 25605, and 25606. • The tenements are located within the inland South West of Madagascar approximately centered on the townships of Fotradrevo and Ampanihy. • Tenements are held 100% by Mada Aust Ltd. A wholly owned subsidiary of Malagsay Minerals Ltd. • No overriding royalties are in place • There is no native title agreement required • Tenure does not coincide with any historical sites or national parkland • Semi-arid, thinly vegetated, relatively flat to low lying hills with sub-cropping rock. • Tenements are currently secure and in good standing.
Exploration done by other parties	· *Acknowledgment and appraisal of exploration by other parties.*	Regional mapping by BRGM
Geology	· *Deposit type, geological setting and style of mineralisation.*	The project overlies a prominent 20km wide zone of folded and assemblage of graphite and quartz-feldspar schists (<60% graphite), quartzite and marble units, with lesser intercalated amphibolite and leucogneiss. This zone, termed the Ampanihy Belt is a core component of the Neoproterozoic Graphite System. The belt is interpreted as a ductile shear zone accreted from rocks of volcanic and sedimentary origins

Criteria	JORC Code explanation	Commentary
Drill hole Information	· *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* · *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	· *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* · *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* · *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No top cuts have been applied. A nominal 4% lower cut-off has been applied in the determination of significant intercepts. High grade intercepts within broader low grade intervals have been separated as 'including' results. No metal equivalent values are used in this report.

Hole_ID	Prospect	Depth (m)	Easting	Northing	RL (m)	Azimuth	Dip
MNDD001	Razafy	84.80	486806	7285996	306	233	-60
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MNDD017	Razafy	111.00	486905	7286078	304	233	-60

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	· *These relationships are particularly important in the reporting of Exploration Results.* · *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* · *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Most drilling has intersected mineralised zones at a near perpendicular angle and as so true widths can inferred by the reader.
Diagrams	· *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to figures within text
Balanced reporting	· *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Representative reporting of low and high grades has been effected within this report
Other substantive exploration data	· *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	**MINERALOGY** 8 polished thin sections were examined and reported on by Dr Roger Townend (Townend Mineralogical Laboratory Pty Ltd). A full report including descriptions and photomicrographs has been provided to the Company. Mapping, rock chip sampling and trenching has been completed across the project area. These results were utilised to provide targets for the drilling programs and as such have been superceded.
Further work	· *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* · *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Potential resource definition drilling to be undertaken.