



Binding Offtake Term Sheets Executed for Large Flake Concentrate

HIGHLIGHTS

- **Black Rock converts two existing Chinese Pricing and Volume Agreements to Binding Term Sheets status**
- **Key terms of the Offtake Agreements include:**
 - A prepayment through a binding Letter of Credit to be lodged within 6 months from planned commissioning date;
 - Supply of large flake concentrate (>+100 mesh); and
 - Price indexed to published indices, RefWin and ICCSino
- **Large-scale qualification plant has commenced generating bulk concentrate product samples for POSCO and selected Offtake customers**

Tanzanian graphite developer **Black Rock Mining Limited** (ASX:BKT) (**Black Rock** or the **Company**) is pleased to confirm that new Binding Term Sheets for Offtake have been agreed with the Company's existing Offtake customers, Taihe Soar (Dalian) Supply Chain Management (**Taihe Soar**) and Qingdao Yujinxi New Material Co Ltd (**New Materials**). The binding agreements are for the supply of large flake graphite concentrate.

Binding Offtake Agreements

Black Rock, through its 100% owned Tanzanian subsidiary Mahenge Resources, has signed new binding Term Sheets for Offtake with two of its existing Offtake customers, Taihe Soar (Dalian) Supply Chain Management (**Taihe Soar**) and Qingdao Yujinxi New Material Co Ltd (**New Materials**). Previously, these commitments for allocated product were agreed in the form of Pricing and Volume Agreements (see ASX Announcements 7 January 2019 and 8 May 2019). The binding Term Sheets revise product allocation to separately reserve 100% of fines (estimated at 25 ktpa – 30 ktpa) for POSCO.

Table 1 – Key terms for the Binding Term Sheets

| Key Terms | Offtake Customer | |
|--|-------------------------|-------------------------|
| | Taihe Soar | New Materials |
| Contract Type/Status | Binding | Binding |
| Concentrate Quantity (t/p.a.) | 20,000 | 10,000 |
| Buyer optional extra uncontracted quantity | 10,000 | 5,000 |
| Term | 3 Years | 3 Years |
| Buyer optional term extension | 2 years | 2 years |
| Pricing | Index RefWin & ICC Sino | Index RefWin & ICC Sino |
| Trading currency | \$US | \$US |
| Prepay | \$US 3.0m | \$US 2.0m |
| Governing Law | Singapore | Singapore |
| Shipping terms | FCA | FCA |
| Resale | China Only | China Only |

Including POSCO's tonnage allocation of 100% of fines, total binding Offtake is 60 ktpa, with an additional 15 ktpa of buyers options over uncontracted tonnage. The conversion to binding status now confirms the majority of large flake concentrate from Mahenge Module One is now allocated and provides for a higher level of contractual stability prior to commencing a debt finance process. The remaining 23 ktpa uncontracted tonnage is subject to a qualification process which is underway.

Large Scale Qualification

Operation of a large-scale pilot plant (**Qualification Plant**) to generate bulk concentrate samples to complete customer qualification for POSCO and selected large flake customers, commenced on 6th August 2021 in Shandong province, China. Stockpiled ore will be processed with milling expected to last around 6 weeks. The mill is the same as was used in Black Rock's 18 tonne pilot plant operation in 2019.

The ore parcel being processed is composited from eighteen locations across the entire strike length of the Ulanzi orebody, from the Mahenge Graphite Project. Individual samples are extracted from drill hole collars and are designed to support reconciliation between drill and lab results to bulk samples to better forecast ultimate plant performance. This supports a whole of orebody qualification, whereby customers and financiers have confidence in the project's ability to supply qualified product over the long term. This sample strategy has been designed to represent the first ten years of the Ulanzi pit and is representative of the expected feed profile for Modules One and Two.

Operation of the plant was contemplated as part of POSCO's US\$7.5m investment which was completed in May 2021.

Large flake concentrate from the Qualification Plant will be placed with interested parties in Europe and Asia. Fines (<#100 mesh) will be used to qualify battery anode precursor products within POSCO's customer supply chain.

Prior to operation of the Qualification Plant, individual bulk samples were sampled and tested by SGS Lakefield Laboratory in Canada in July 2021. Samples were processed to determine sizing at a targeted 95% carbon concentrate grade for commissioning and ramp-up. SGS's test work cycle achieved an average of 96.8% carbon by LOI. Details are outlined in Table 2 below.

Reconciliation between the Definitive Feasibility Study flake profile and the latest SGS round is illustrated in Table 3. While the current round of testing indicates a slight increase in large flake and concentrate grade, in response to continued optimisation, management cautions that some size degradation will occur with plant scale up.

Index pricing has been included in Table 3 as a guide to current market conditions. Prices quoted are China Ex Works basis. Final basket pricing will be provided post qualification.


Table 2 – Composite Variability Results Ulanzi – SGS Lakefield July 2021

| Test | Size | | Weight | Assays, % | Pilot Plant Con |
|---------|--------------------------|---------|--------------|-------------|-----------------|
| | Mesh* | Microns | % | C(t, g) | (t) |
| Average | +32 mesh | 500 | 5.1 | 96.4 | 2.1 |
| | +48 mesh | 300 | 27.3 | 96.0 | 11.1 |
| | +65 mesh | 212 | 23.2 | 96.6 | 9.4 |
| | +80 mesh | 180 | 9.8 | 97.0 | 4.0 |
| | +100 mesh | 150 | 9.2 | 97.4 | 3.8 |
| | +150 mesh | 106 | 11.1 | 97.7 | 4.5 |
| | +200 mesh | 75 | 6.2 | 98.0 | 2.5 |
| | +325 mesh | 44 | 4.6 | 97.8 | 1.9 |
| | +400 mesh | 37 | 1.3 | 97.2 | 0.5 |
| | -400 mesh | -37 | 2.2 | 95.5 | 0.9 |
| | Total Concentrate | | 100.0 | 96.8 | 40.7 |

* Mesh sizes are used to describe flake size and refer to the dimensions of the mesh size opening. ASTM mesh sizing refers to the number of openings per linear inch.

Table 3 – Flake Profile reconciled to 2018 Definitive Feasibility Study

| Product** | Study Stage | | Pricing* |
|---|-------------|----------|----------|
| Nominal size and grade | DFS 2018 | SGS 2021 | @95% |
| -195 | 32% | 26% | 100% |
| +195 | 9% | 9% | 128% |
| +895 | 36% | 33% | 179% |
| +595 | 18% | 27% | 263% |
| +3295 | 5% | 5% | 346% |
| * Average index pricing -195 based on mark to market AsianMetal RefWin & ICCSino Aug 2021 Pricing basis is ex Works | | | |
| Index pricing -195 ex Works Shandong is USD \$520 - \$550 | | | |
| ** Product is described as mesh size followed by concentrate grade eg -195 = -100 mesh @ 95% | | | |

POSCO Offtake Update

Offtake and prepayment negotiations with POSCO for 100% of fines from Mahenge Module One are progressing. Expected volumes of -#100 mesh concentrate attributable to POSCO are expected to be in the range of 25 ktpa to 30 ktpa tonnes. Conversion of strong expressions of interest for the remaining 20 ktpa of large flake not subject to contractual rights are subject to completion of qualification.



Commenting on the Binding Offtake agreements, Black Rock Managing Director and CEO, John de Vries said:

"Converting our Offtake agreements to a binding status delivers a higher level of confidence for our business model and is fundamental to our financing strategy. The Company has been progressing these Offtake agreements in parallel to activities with respect to resolving the Tanzanian Government's Free Carried Interest provisions.

We continue to receive strong Offtake interest for large flake concentrate, subject to the ability to complete qualification. Access to adequate quantities of sample available for qualification supports our view that our entire planned production from Module One will be subject to binding Offtake before completion of construction.

The outcome of 96.8% C by LOI grade from our metallurgical test work ahead of the Qualification Plant run should be seen in the context of actually trying to achieve a 95% C by LOI target concentrate grade to support a simpler commissioning and ramp up process. While the outcome is extremely pleasing, performance at scale through the qualification plant will demonstrate confidence in our ability to deliver contracted product grades and size fractions from day one."

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 a 100% interest in the Mahenge Graphite Project (**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.

On 25 July 2019, the Company released an enhanced Definitive Feasibility Study (eDFS) for the Project. The eDFS for the Mahenge Graphite Mine envisages a four phase operation, ultimately producing 340,000 tpa of high-grade graphite, with 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**)

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, the Company announced a Strategic Alliance with POSCO Group for the development of the Mahenge Graphite Mine. This included an equity investment of US\$7.5M, signed in February 2021, and an offtake agreement, currently in progress, which includes a prepayment facility of up to US\$20M. Black Rock has also allocated planned production through Pricing Framework Agreements (ASX release 8 May 2019) with five other offtake customers.

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 construction-ready subject to financing and confirmation of Tanzanian Government Free Carried Interest Agreement.

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 |



Location of Black Rock's Mahenge Graphite Project in Tanzania

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 ±10% as defined by AACE

** AU\$/US\$ 0.70

*** Resource and Ore Reserve Estimates as released to ASX on 8 August 2017 Optimised PFS

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