

Black Rock Signs Term Sheet with POSCO for Offtake and US\$10M Prepayment

HIGHLIGHTS

- **Term Sheet signed with POSCO comprising:**
 - **US\$10M prepayment commitment, repayable via delivery of product; and**
 - **Offtake agreement for 100% of planned fines production (-#100) from Mahenge module one**
- **Potential remains for an additional US\$10M prepayment from Export Credit Agencies**
- **Strong end user confidence shown for Black Rock's high purity graphite product supports debt financing activities in train**

Tanzanian graphite developer Black Rock Mining Limited (ASX:BKT) (**Black Rock** or the **Company**) is pleased to announce it has agreed a Term Sheet with POSCO Ltd (**POSCO**) for offtake and product prepayment commitments that support the development of the Mahenge Graphite Mine (the **Project** or **Mahenge**).

Offtake and Prepayment

Black Rock has signed a Term Sheet with POSCO which outlines the indicative terms for a US\$10M prepayment and an offtake agreement for 100% of the planned fines production (-100#) from Mahenge's Module One. The agreed Term Sheet forms the basis to negotiate a binding Offtake Agreement which is expected to be finalised in early CY22. With the POSCO Term Sheet now in place, further prepayment opportunities with Export Credit Agencies can now be explored.

Key terms outlined in the Term Sheet include:

- Expected volume of -#100 mesh concentrate under offtake to POSCO from planned Mahenge Module One is approximately 30 ktpa;
- Outlining minimum product specifications, in line with industry standard (commercial in confidence);
- A clear product pricing mechanism including an uplift for superior value-in-use compared to industry benchmarks, to be shared between both parties (commercial in confidence);
- US\$10M prepayment, repayable via delivery of product over an eight year period.

Commenting on the Offtake and Prepayment commitment, Black Rock MD and CEO, John de Vries, said:

"We are very pleased to have reached agreement with our strategic alliance partner, POSCO, with this Term Sheet for both the US\$10M prepayment and offtake for 100% of the planned fines production for Mahenge Module One.

This is another strong endorsement for the quality of Mahenge's graphite and serves as a key de-risking milestone for the debt financing process and project development.

Ultimately, our strategic alliance with a blue-chip partner in POSCO is a key point of differentiation for Black Rock and one which we believe provides additional confidence to potential lenders and institutional investors"

A strong platform for Project Debt discussions

Black Rock and its debt finance advisor, ICA Partners, continue to progress positive discussions with respect to the Project's debt finance. Recent milestones, including this POSCO Term Sheet, the signed Framework Agreement with the Government of Tanzania, and the completion of the sector's largest customer qualification program by Black Rock, all provide a strong platform for robust discussions with potential lenders, and a growing confidence in securing competitively priced Project debt.

A number of finance related milestones are expected over the coming months, including:

- indicative term sheets from potential lenders;
- credit approved term sheets; and
- mandating lead arrangers.

Discussions are also underway with several additional potential offtake partners who have been sent product samples. Black Rock is looking to progress these discussions over the coming months with the aim of establishing additional binding offtake agreements to broaden and enhance the Company's portfolio of offtake partners.

Exploring options for earlier access to low cost grid power

In parallel with financing discussions, Black Rock is also exploring options to access low cost grid power earlier in the project. In the eDFS, the power for Module One was to be provided by diesel gensets and a power line connecting the project to grid power was to be built from free cash flow to support subsequent modular expansions. Black Rock is now exploring options for a third party to build the power line upfront to provide Mahenge with access to much lower cost, greener grid power from the nearby hydroelectric dam from earlier in the project.

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 Mine (**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 Module 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. A Framework Agreement was signed with the Government of Tanzania in December 2021, which includes the provision for Free Carried Interest (**FCI**).

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, a Term Sheet with POSCO for offtake was signed in December 2021, which includes a prepayment facility of US\$10M with potential for further prepayment commitments from Export Credit Agencies. 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's Mahenge Graphite Mine is construction-ready subject to financing.

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

* 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