

Operations Update – transition to gold production

Highlights

- Processing of Mt Boppy gold ore underway at the Manuka plant
 - Improvement in Manuka silver production to 140,000oz in August
 - Second \$5 million tranche of funding from TrailStone Credit Facility received
 - Fast-track solution for Marda gold assets under consideration
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Black Oak Minerals Ltd (ASX: **BOK**) has commenced processing Mt Boppy gold ore at its Manuka plant in accordance with planned first gold sales in September 2015.

Gold production

The Mt Boppy Project has achieved a number of key milestones: mining continues to plan, crushing has commenced with stockpiled ore available; Manuka road upgrade is complete; and routine ore haulage is underway. Processing of Mt Boppy gold ore delivered to Manuka commenced on 30 August 2015.

Silver production at Manuka

Silver production continues to improve with 140,000oz produced in August compared to 125,000oz in July. Recovery in August of 72% shows an increase over the 70% achieved to the end of June. The recent focus has been on improving plant availability and reliability to increase overall silver margins and prepare the plant for gold production. Silver production will now reduce over the coming months as the optimum ore blend transitions to achieve maximum gold output.

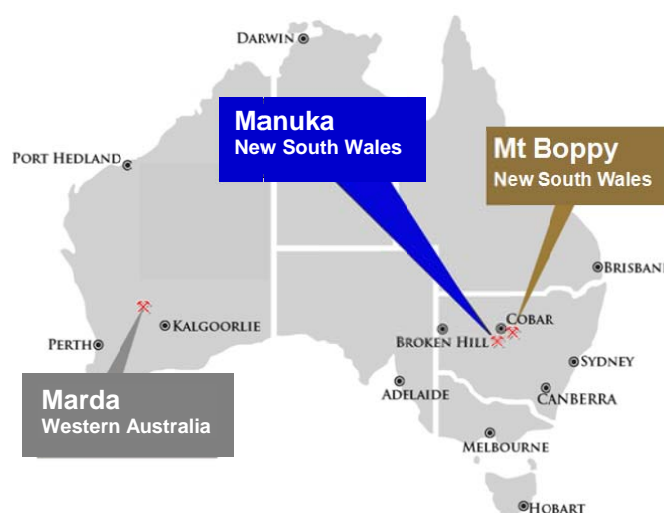


Figure 1 – BOK asset locations



Figure 2 – Mt Boppy pit

Funding arrangements

Lower than expected silver production since Manuka commissioning (March 2015) has put pressure on the Company's cash reserves. To support working capital requirements particularly the cut-back at Mt Boppy, the Company has worked with its financier, the TrailStone Group, to bring forward the second \$5 million tranche of funds from the Credit Facility by one month. These funds were received on 24 August 2015. In conjunction with bringing forward this drawdown the following changes were made to the Gold Loan and Credit Facility agreements:

- Gold delivery profile under the Gold Loan relaxed in mid-2016 and accelerated in late 2016 and 2017;
- Credit Facility repayment profile changed to include minimum repayments of \$5 million by 31 December 2016 and \$9.5 million (cumulative) by 30 June 2017;
- BOK to enter into a toll-treating agreement for the Marda gold ore by 28 December 2015 unless otherwise agreed; and
- Commitment fees waived on the undrawn component (\$25 million) of the Credit Facility.

Marda Gold Project

Excess milling capacity in the Eastern Goldfields region of Western Australia has brought the option of toll-treating Marda gold ore into consideration. Following discussions with the TrailStone Group, the parties have base-lined an option to potentially fast-track gold production from Marda via toll-treating.

As an alternative, BOK continues to progress discussions on funding options to commence its exploration program in the region with the aim of extending Marda Reserves to further support a stand-alone development.

BOK currently has all mining approvals in place to commence the mining of the Marda Central deposits immediately. Permitting will be required for ore haulage to the preferred mill.



Management changes

The Company's Chief Operating Officer, Ian Jobbins has resigned. The Company thanks Ian for his efforts and wishes him all the best for his future endeavours. This change provides the Company with an opportunity to review the optimal organisational structure. Until this is finalised, Managing Director and Chief Executive, David Sproule, will provide stewardship of the Company's operating assets.

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