

## SHAREHOLDER LETTER FROM MANAGING DIRECTOR

Dear Shareholder,

### Entitlement Offer – Letter to Eligible Shareholders

On behalf of the Board of Black Rock Mining Ltd (ASX: BKT) (**Black Rock** or the **Company**), I am writing to seek your support in relation to the proposed capital raising of up to A\$1.65 million announced by the Company on 3<sup>rd</sup> July 2020. I write to you as a fellow long-term shareholder of Black Rock and to confirm that you are an eligible shareholder to participate in this Entitlement Offer. As announced, Black Rock is undertaking a pro-rata non-renounceable entitlement issue to eligible shareholders of ordinary fully paid shares in the Company on the basis of one (1) new share (**New Share**) for every sixteen (16) shares held at the record date on 9<sup>th</sup> June 2020 (**Record Date**) at an issue price of \$0.042 per share to raise up to approximately A\$1.65 million (before costs) (**Entitlement Offer**). Subscribers to the Offer will also receive one (1) free option (**New Option**) for every one (1) New Share subscribed for and issued, exercisable at \$0.084 per Option on or before the date which is three years from the date of issue. The options will not be quoted.

### Purpose of the Entitlement Offer

Funds raised from the Offer will be used to progress the POSCO Strategic Alliance & Development MOU to a completed transaction, progress on reaching an accord on the Tanzanian Government's 16% Free Carry Interest and general Working Capital.

The Entitlement Offer is available to all Black Rock shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia (or subject to certain restrictions described in Section 4.9 of the Prospectus), New Zealand, Singapore and Hong Kong (**Eligible Shareholders**). The Entitlement Offer is not being extended to any Shareholder with addresses outside of these jurisdictions.

Investors should note that Black Rock is a mineral development company. Black Rock, through its locally held Tanzanian subsidiary, currently holds 100% of the Mahenge Graphite Project in Tanzania. Any investment made in it should be considered highly speculative. An investment in Black Rock is subject to risks, including risks specific to Black Rock such as those associated with mining and project development in emerging economies and general risks (such as those associated with the share market, government regulation and the economy in general). Detailed information about these risks is set out in Section 7 of the Prospectus, which I encourage you to read carefully in its entirety.

**Black Rock Mining Ltd**  
ACN 094 551 336  
ASX:BKT

**Issued Capital**  
628.9m Shares  
62.4m Options

**Australian Registered Office**  
45 Ventnor Avenue  
West Perth WA 6005  
Ph: +61 8 9389 4415  
E: info@blackrockmining.com.au

**Tanzanian Office**  
**Mahenge Resources Ltd**  
Msasani Towers  
Second Floor, Wing B  
PO BOX 105735  
Dar es Salaam Tanzania

**Directors**  
Richard Crookes  
John de Vries  
Gabriel Chiappini  
Ian Murray

## Project Development

The process of project development, by definition, requires ongoing investment to advance progress. Over the last 12 months, Black Rock has delivered on a number of significant milestones at Mahenge. These milestones include:

- Delivery of the enhanced Definitive Feasibility Study which increased project Net Present Value to US\$1.16bn, with an AISC margin of 63.1% (ASX 25<sup>th</sup> July 2019)
- Spherical Purified Graphite (SPG) production trial which delivered industry leading yields (ASX 12<sup>th</sup> August 2019)
- Development of an Engineering Procurement and Construction (EPC) framework agreement with one of the largest construction companies globally, China Railway Group (ASX 22<sup>nd</sup> January 2020)
- Opening of village offices and ongoing CSR activities (ASX 3<sup>rd</sup> February 2020)
- Formal advice from the Government of Tanzania of intention to resolve structure and nature of Free Carried Interest (ASX 29<sup>th</sup> April 2020)
- Completion of Resettlement Action Plan field activities (ASX 11<sup>th</sup> May 2020)
- Signing of Strategic Alliance and Development MOU with POSCO (ASX 9<sup>th</sup> June 2020)
- Tanzanian Investment Bank to commence Due Diligence on Mahenge (ASX 29<sup>th</sup> June 2020)

With the majority of our major study work now completed, the funds raised from this offer will be used to progress our relationship with POSCO and completion of the process to resolve the structure and nature of the Free Carried Interest attributable to the Government of Tanzania.

## Actions Required by Shareholders

A prospectus for the Entitlement Offer was lodged by Black Rock with ASIC on 6<sup>th</sup> July 2020 (**Prospectus**) and available on ASX on 7<sup>th</sup> July 2020. A copy of the Prospectus (along with information with respect to applying for your entitlement under the Entitlement Offer including your personalised Entitlement and Acceptance Form) is accessible at: <https://blackrockminingoffer.thereachagency.com>

Hard copies of the Prospectus are also available upon request to Black Rock's share registry, Computershare, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). Unless otherwise defined, capitalised terms used in this letter have the meaning given in the Prospectus.

If you choose to participate in the Entitlement Offer, please ensure your application money for the Entitlement you wish to take up is received by Black Rock by no later than 5.00pm (AEST) on Tuesday 4<sup>th</sup> August 2020. Applicants are encouraged to pay by BPAY. You will be treated as applying for as many Shares as your payment will pay for in full. Should you wish to accept your Entitlement in full and you are not paying by BPAY, then Applications for Shares under the Prospectus must be made on the Application Form which accompanies the Prospectus in accordance with the instructions referred to in the Prospectus and on the Application Form. Please read the instructions carefully.

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A copy of the capital structure, proposed use of funds and information in relation to the Offer is set out in the Prospectus.

### **Summary**

The funds raised by the Capital Raising provides the Company with short term certainty and security for Black Rock to progress the next steps of our growth plan and specifically to further develop the POSCO alliance and working on the structure and nature of the Free Carried Interest attributable to the Government of Tanzania.

I therefore encourage all shareholders to consider this offer and I would like to thank you for your continued support.

Yours faithfully,

John de Vries

**Managing Director**

**Black Rock Mining**

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[jdv@blackrockmining.com.au](mailto:jdv@blackrockmining.com.au)

## About Black Rock Mining

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange (ASX:BKT). The Company currently has a 100% interest in the Mahenge Graphite Project (the "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 Resource Estimate.

In October 2018, the Company released a Definitive Feasibility Study (DFS) for the Project, which was based on strong customer demand. This DFS was enhanced in July 2019, and demonstrates 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 NPV<sub>10</sub> of US\$1.16bn (A\$1.65bn\*\*).

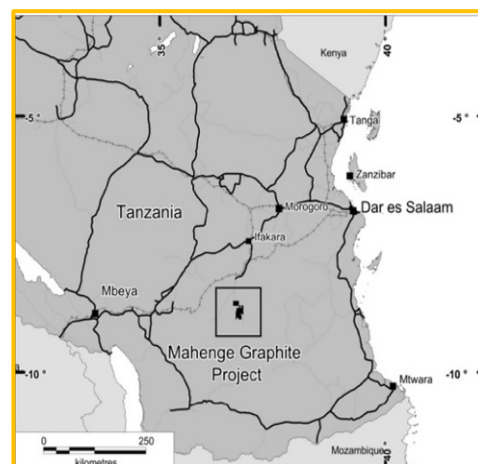
Following release of the Enhanced DFS in July 2019, the Company confirms that it is not aware of any new data or information that materially affects the results of the Enhanced DFS and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

In February 2019, the Company announced receipt of its mining license for the DFS Project. In May 2019, the Company announced it had substantially allocated planned production with up to 255k tonnes per annum of graphite committed to sale by year three of production, through Pricing Framework Agreements.

The Company is currently progressing financing discussions and detailed engineering with a view to commencing construction of the Project.

### JORC Compliant Mineral Resource Estimate and Ore Reserve

Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	70	8.5	6.0
<b>Total Ore Reserves</b>	<b>70</b>	<b>8.5</b>	<b>6.0</b>
Mineral Resources			
- Measured	25.5	8.6	2.2
- Indicated	88.1	7.9	6.9
<b>Total M&amp;I</b>	<b>113.6</b>	<b>8.1</b>	<b>9.1</b>
- Inferred	98.3	7.6	7.4
<b>Total M, I&amp;I</b>	<b>211.9</b>	<b>7.8</b>	<b>16.6</b>



\* Forecast Capex has been classified as a Class 3 estimate with accuracy of ±10% as defined by AACE

\*\* \$AUD/USD 0.7

For further information on Black Rock Mining Ltd, please visit [www.blackrockmining.com.au](http://www.blackrockmining.com.au)

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