

## Black Rock Mining Signs Framework Agreement with Government of Tanzania

### HIGHLIGHTS

- **President of Tanzania, Her Excellency Samia Suluhu Hassan attended the signing of a Framework Agreement with Black Rock at a ceremony held in Dar es Salaam on 13<sup>th</sup> December 2021**
- **Agreement confirms Government of Tanzania's 16% Free Carried Interest shareholding and commitment to jointly develop the world-class Mahenge Graphite Mine**
- **JV Co established, Faru Graphite Corporation, with existing licences and permits to be incorporated into a Special Mining Licence**
- **Development financing process commenced, with existing project execution activities to continue in parallel**
- **Positive market outlook continues as graphite demand remains one of the highest of all minerals required for clean energy storage technologies**
- **First mover advantage, Black Rock only Tanzanian Graphite Developer with a Framework Agreement and Free Carried Interest resolved**

**Tanzanian graphite developer Black Rock Mining Limited (ASX:BKT) (Black Rock or the Company)** is pleased to announce it has signed the Framework Agreement (**Agreement**) with the Government of the United Republic of Tanzania (**Tanzanian Government**) to jointly develop the world-class Mahenge Graphite Mine.

### Framework Agreement

At the signing ceremony held on 13<sup>th</sup> December 2021, attended by the President of Tanzania, Her Excellency Samia Suluhu Hassan, the Minister of Minerals Hon. Doto Biteko (MP) signed the Agreement with Black Rock, confirming the Government's commitment to jointly develop the Mahenge Graphite Mine. The Agreement includes the provision for a Free Carried Interest (**FCI**) which is required by law under Section 10 of the Mining Act whereby a 16% non-dilutable shareholding in the capital of all mining companies is held by the Tanzanian Government.

Under the Agreement, the following structure has been agreed:

- A Joint Venture (**JV**) Company, Faru Graphite Corporation (**Faru**), has been established to develop the Mahenge Graphite Mine. Faru is the Swahili word for Rhinoceros. The Tanzanian Government will own a 16% undiluted free-carried interest shareholding in Faru, with 84% owned by Black Rock via its wholly owned UK subsidiary company, Mahenge Resources Limited;
- A Special Mining Licence (**SML**) will be granted to unify existing Mining Licences ML 611/2019 and ML 612/2019 and a part of Prospecting Licence PL 13752/2019;
- Existing approved Environmental Permits and Resettlement Action Plans granted to ML's 611 and 612 will be grandfathered to the SML; and
- An exemption will be issued to Black Rock from the provisions of the Mines Act 2017 requiring SML developers to issue 5% of stock to local interests and listing of 30% of stock on the Dar es Salaam Stock Exchange.

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#### Directors

Richard Crookes	Chairman
John de Vries	Managing Director & CEO
Gabriel Chiappini	Non-Executive Director/Company Secretary
Ian Murray	Non-Executive Director

Black Rock's Enhanced Definitive Feasibility Study (**eDFS**) (ASX Announcement 25 July 2019) for the Mahenge Graphite Mine already includes the 16% FCI provision, which forecasts a post-tax, unlevered NPV<sub>10</sub> of US\$1.16 billion for the Mahenge Graphite Mine.

Commenting on the milestone, **Black Rock MD and CEO, John de Vries said:**

*"Reaching agreement with the Tanzanian Government including Free Carried Interest is a watershed moment for Black Rock. This enables the Company to rapidly move forward to deliver a new clean source of high-grade Graphite to a growing global market. We said from the start that aligning with the Government and people of Tanzania was absolutely the right approach to provide project certainty for all stakeholders.*

*Under the Framework Agreement, the Government of Tanzania will secure project economics through a combination of dividends, taxes and duties. Our commitment to Tanzania exceeds this through the purchase of goods and services, provision of power, rail haulage and port services. It is estimated that the cumulative benefit to the Tanzanian economy will be US\$6.5 billion over the life of the project, based on the 2019 Enhanced Definitive Feasibility Study.*

*I am pleased that the Company and the Government of Tanzania are now partners and we look forward to delivering on our shared promises, by building the Mahenge Graphite Mine that will bring significant benefits to Tanzania, and for global decarbonization markets driving clean energy storage technologies.*

*Finally, I would also like to acknowledge the very significant efforts of the Black Rock team, our families and the Government of Tanzania have undertaken to deliver this milestone."*

**Table 1 – Framework Agreement Key Terms Summary**

Key Term	Detail
<b>Ownership Structure</b>	Tanzanian Government 16% FCI undiluted / Black Rock 84%. Each share is entitled to 1 vote in accordance with the constitution.
<b>Investing entity</b>	Mahenge Resources Limited (UK) – 100% owned Black Rock subsidiary
<b>Shareholder loans</b>	Not subject to FCI where not interest bearing and registered with Bank of Tanzania
<b>Banking</b>	JV Co to hold all proceeds from sale on mineral products in local and foreign currency accounts in Tanzania
<b>Governing law</b>	Tanzanian law. Arbitration by UNCITRAL rules. Arbitration seat East African Court of Justice
<b>Taxation</b>	Tanzanian corporate tax rate (30%)
<b>Debt</b>	Mahenge Resources Limited (UK) able to pledge equity in JV Co to support third party financing for the purposes of mine development and operations
<b>Board</b>	Initial board with 5 directors with Black Rock appointing 3 directors and Tanzanian Government appointing 2 directors

### Partnership Benefits to Tanzania

The Mahenge Graphite Mine has the potential to provide significant economic and social benefits to Tanzania, as outlined in Black Rock's eDFS, including:

- 970 full-time jobs principally located at Mahenge;
- US\$6.5bn contribution to the Tanzanian economy over a 26 year mine life (based on eDFS prices); and
- Significant new opportunities for Tanzanian businesses including ports, rail and power supply.



Figure 1 – Community members from Mahenge arrive for the signing ceremony



Figure 2 – Faru Graphite Corporation company branding



Figure 3 – Black Rock CEO John de Vries delivers a speech recognising the positive partnership with the Tanzanian Government and achievement to jointly develop the Mahenge Graphite Mine



Figure 4 – Signing of the Framework Agreement, Minister of Minerals Hon. Doto Biteko (left), Her Excellency Samia Suluhu Hassan (centre), and Black Rock CEO John de Vries (right)



Figure 5 – Completed signing of the Framework Agreement

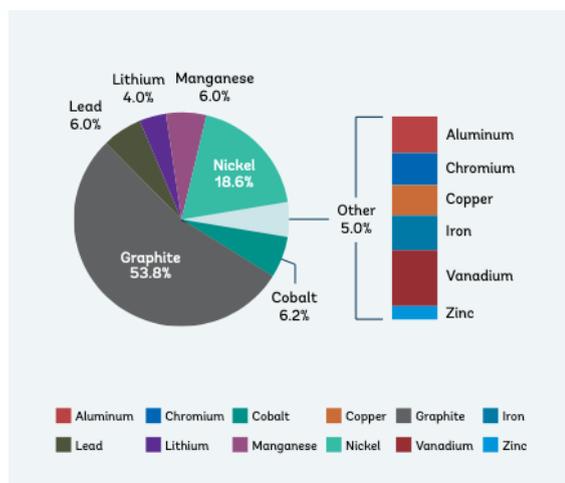
**Black Rock Chairman, Richard Crookes, added:**

*“On behalf of the Company and our stakeholders, I thank the Tanzanian Government for the confidence they have placed in confirming a long term partnership with Black Rock to jointly develop the Mahenge Graphite Mine.*

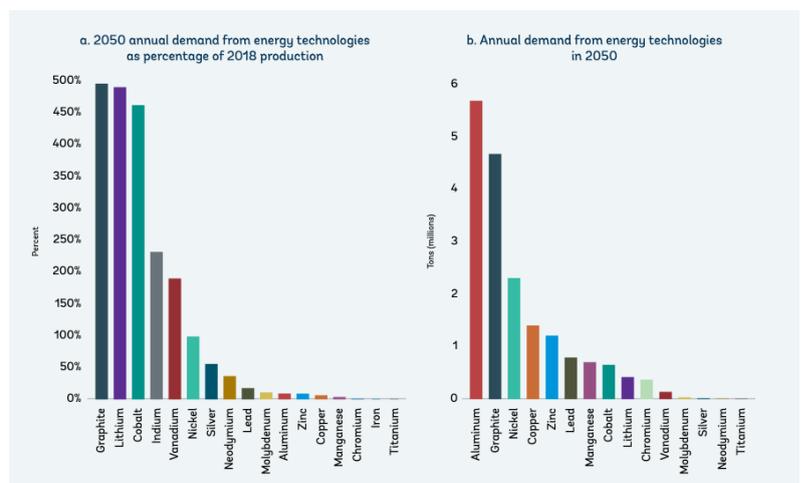
*To our shareholders, I thank you for your continued support and I look forward to John and his team creating additional value as we now advance toward construction and then to production.”*

**Mahenge Graphite Mine and Market Outlook**

Graphite is recognised and listed as a critical mineral in countries all around the world, and is playing a key role in the path to global decarbonization. The World Bank predicts that annual demand growth for graphite will top 500% by 2050<sup>2</sup> (an additional annual supply of 3.5M tonnes over 2018 global production), the highest of all minerals required for clean energy storage technologies.



**Figure 1: Share of Mineral Demand from Energy Storage Under IEA 2DS Through 2050 – World Bank Report “Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition, 2020”**



**Figure 2: Projected Annual Mineral Demand Under 2DS Only from Energy Technologies in 2050, Compared to 2018 Production Levels – World Bank Report “Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition, 2020”**

The Mahenge Graphite deposit hosts the 2<sup>nd</sup> largest graphite ore reserve, and the 4<sup>th</sup> largest JORC-compliant graphite mineral resource globally. The mineral resource has industry leading high-grade purity, a large flake size distribution, low strip ratios, and very low deleterious elements. This means lower capital and operating costs, less environmental impact, and ultimately a highly differentiated green high-margin product.

In full production, Black Rock has the capacity to contribute meaningful Graphite concentrate supply of 340,000 tonnes per annum, close to 5% of the expected additional global demand<sup>2</sup> for Graphite. In addition, the Company expects to do this with a sensible ESG (Environmental, Social, and Governance) footprint given Mahenge’s mineral resource quality advantages, logistics (hydro power, dry tailing, close road-rail-port), clean concentrate processing (no acid), and downstream partnerships to deliver a green product to end customers.

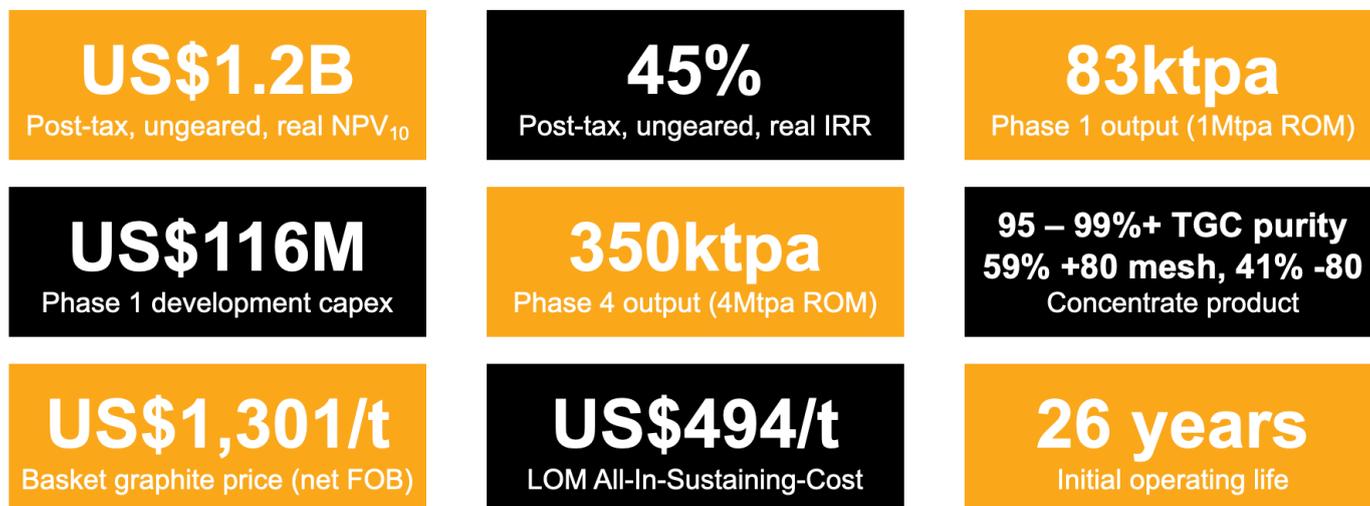
<sup>2</sup> World Bank Report – Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition 2020

## Mahenge Graphite Project Development Activities

Black Rock continues to progress project execution activities in parallel which includes:

- Securing binding term sheets with all existing and new offtake customers, leveraging the large-scale customer qualification program recently completed;
- Early engagement activities with respect to the Resettlement Action Plan;
- Integration activities with existing partners POSCO and URBIX;
- Engineering work;
- Updating of capital and operating costs; and
- Engagement with finance groups on project debt finance.

## Black Rock Mahenge Graphite Mine Economics – Enhanced Definitive Feasibility Study July 2019<sup>1</sup>



<sup>1</sup> Following release of the Enhanced Definitive Feasibility Study (DFS) on the Mahenge Graphite Project in July 2019 (see Black Rock ASX release dated 25 July 2019, Mahenge Enhanced DFS with Executive Summary), Black Rock confirms that it is not aware of any new data or information that materially affects the results of the Enhanced DFS. All material assumptions and technical parameters, including in the estimation of Mineral Resources or Ore Reserves, underpinning the estimates in the Enhanced DFS continue to apply and have not materially changed. The estimated Ore Reserves and Mineral Resources underpinning the production and financial forecasts in the Enhanced DFS were prepared by Competent Persons in accordance with the requirements in Appendix 5A (JORC Code).

**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 NPV<sub>10</sub> 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.

<b>JORC Compliant Mineral Resource Estimate and Ore Reserve***</b>			
<b>Ore Reserves</b>	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	69.6	8.5	6.0
<b>Total Ore Reserves</b>	<b>69.6</b>	<b>8.5</b>	<b>6.0</b>
<b>Mineral Resources</b>			
- 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>



Location of Black Rock's Mahenge Graphite Project in Tanzania

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