

BKT DELIVERS BINDING OFFTAKE PRICING FRAMEWORK CONSISTENT WITH DFS FINANCIAL METRICS

HIGHLIGHTS

- Reference pricing framework has been agreed with offtake partners consistent with Definitive Feasibility Study (DFS) current basket pricing
- Two new commitments signed with Qingdao Yujinxi and Yantai Jinyuan for three years to supply up to a combined 50,000 tonnes by year 3 taking total amount committed volumes to 255,000 tonnes per annum
- New contracts underpin a fourth module in an optimised DFS currently being completed

Tanzanian graphite developer Black Rock Mining Limited (BKT: ASX) (“Black Rock” or “the Company”) is pleased to announce that it has agreed a framework for the determination of pricing in its offtake agreements, which are now only dependent on the type and quality of the graphite product to be supplied to each offtaker. In addition, the Company has also secured an additional two new offtake customers for its 100% owned Mahenge Graphite Project.

Price Framework

The product demonstration at the 18 tonne pilot plant operations in China during March 2019 (ASX announcement 3 April 2019) proved Black Rock’s capability to produce Mahenge brand premium flake graphite and has resulted in pricing now agreed with four of five offtake partners. The terms of the pricing framework are outlined below:

	Regular	Premium	Ultra
Nominal Graphite Grade (TGC)	94.5% - 95.5%	97.5% - 98.25%	>99%
CIF China (ex-duty) (US\$/tonne)	\$1,117	\$1,490	\$2,161

Reference exchange rate	RMB:US 6.71
Rise & fall pricing reference (US\$/tonne)	95% TGC - #100 mesh Benchmark Minerals US\$950/t as at Nov 2018

The pricing reflects CIF pricing in China, includes ocean freight and is consistent with that used in the Definitive Feasibility Study (includes a rise/fall clause referencing Benchmark pricing to protect both supplier and customer). Import duties are excluded as many customers are located in duty-exempt import/export zones.

Commenting on the price framework, Black Rock’s CEO, John de Vries, said

“One of the challenges in developing any new graphite project is securing price transparency so investment markets can form a view on the value of the project. Delivering a binding price framework is a fundamental step in our financing process as this gives financiers confidence in our financial metrics. The basket price achieved is reflective of the absence of substitute Chinese domestic concentrates with similar properties to Mahenge Premium and Ultra products. We are delighted that our basket pricing clearly differentiates.”

“Mahenge’s uniquely large flake high grade concentrates and continues to build our branding as a supplier of premium concentrates to the global market.

The opportunity to validate Mahenge’s unique concentrate with our customers, who are now prepared to be named against a pricing framework, as an outcome of the pilot plant run in China, further supports our dialogue with financiers. We are now focused on delivering our Optimised Definitive Feasibility Study and securing financing based on the exceptional financial metrics of the Mahenge Graphite Mine.”

MAHENGE DEFINITIVE FEASIBILITY STUDY FINANCIAL METRICS⁽¹⁾	
Post-tax, unlevered NPV ₁₀	US\$895m
Post-tax, unlevered IRR	42.80%
Capex for Phase One (83k tonnes per annum)	US\$115m (including 10% contingency)
Capex for Phase Two (83k tonnes per annum)	US\$69.5m (including 10% contingency)
Capex for Phase Three (83k tonnes per annum)	US\$84.2m (including 10% contingency)
Life of Mine C1 Costs, FOB Dar	US\$401 /t
Life of Mine All in Sustaining Costs, FOB Dar*	US\$473 /t
Concentrate basket FOB Dar es Salaam**	US\$1,301/t
Life of Mine	32 years
Average steady state production rate	250k tonnes per annum
Total Life of Mine Concentrate production	6.6m tonnes
Ore reserves	70m tonnes @ 8.5% TGC
Reserve life	23 years
Resources	212m tonnes @ 7.8% TGC

* AISC includes all post start up capex including module 2&3 expansion

**Basket is LOM average price for 97.5% LOI sized concentrate packed in 1 tonne bulka bags

(1) Refer to ASX release on 24 October 2018 for DFS report & executive summary

New contracts signed to enter into Offtake Agreements

A binding offtake term sheet agreement has been signed with Qingdao Yujinxi New Energy Materials to supply up to 20,000 tonnes per annum by year three. Qingdao Yujinxi has been established as a new processor as a consequence of a Chinese government initiative to reduce industry environmental footprint by consolidating graphite processing to a dedicated graphite processing industrial park in central Qingdao province.

A fifth binding offtake term sheet agreement has also been signed with Yantai Jinyuan Mining Machinery Co Ltd to supply up to 30,000 tonnes per annum by year three. Yantai Jinyuan is located in Yantai High-tech Industrial Park, Yantai Shandong Province China. Yantai’s substantial facilities cover an area of 36,000 square meters, including a construction area of 20,000 square meters. Facilities include full-service engineering facilities capable of fabrication of mills, flotation circuits, thickeners, dryers and associated support equipment. Yantai is a vertically integrated company with services ranging from technical evaluation including metallurgical laboratory services, process design, equipment manufacture, installation, turnkey project delivery, commissioning and staff training. Yantai will use its extensive network of relationships within the Chinese graphite sector to place concentrate with customers not accessible to Black Rock.

Black Rock’s 100% owned Tanzanian subsidiary, Mahenge Resources Limited is the contracting entity.

Please find below, Black Rock's updated maximum combined and agreed offtake volumes (tonnage) reflecting the new signed binding offtake term sheet agreements (please refer to ASX announcement 7 January 2019 for previous volume table):

	Year 1	Year 2	Year 3
Heilongjiang Bohao	20,000 ⁽¹⁾	50,000	90,000
Qingdao Fujin ⁽²⁾	10,000 ⁽¹⁾	15,000	15,000
Taihe Soar	20,000 ⁽¹⁾	55,000 ⁽¹⁾	100,000
Qingdao Yujinxi	20,000	20,000	20,000
Yantai Jinyuan	15,000	30,000	30,000
TOTAL	85,000	170,000	255,000

(1) Volume has been updated from Black Rock's previous ASX announcement on volume 7 January 2019

(2) Pricing to be finalised

The binding offtake term sheet agreements are subject to financing and Black Rock completing construction of the Mahenge mine and associated infrastructure, and commencement of operation of the Mahenge mine in Tanzania. The binding offtake term sheet agreements are also subject to the same termination notice period previously announced on 7 January 2019.

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About Black Rock Mining

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 (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 250k tonnes of graphite per annum for 25 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.

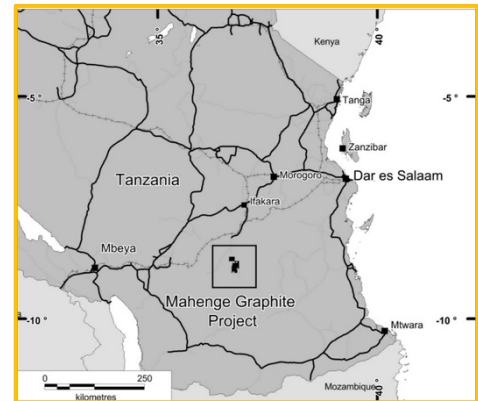
In October 2018, the Company released a Definitive Feasibility Study (DFS) for the Project demonstrating exceptional financial metrics including:

- *Low Capex:* Lowest peak capital expenditure of US\$115M for phase one;
- *High Margin:* AISC margin of 63.6%;
- *Low Technical Risk:* Substantial pilot plant operations run of 110 tonnes; and
- *Superior Economics:* IRR of 42.8% with NPV₁₀ of US\$895m

Following release of the DFS, the Company confirms that it is not aware of any new data or information that materially affects the results of the 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 January 2019 the Company announced it had substantially sold out of production with up to 205k tonnes per annum of graphite committed to sale by year three of production, through binding agreements to enter into offtake agreements. In February 2019 it also announced receipt of its mining licence for the DFS project.

The Company is currently progressing financing discussions and detailed engineering including an optimised DFS with a view to commencing construction of the mine in 2019.

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
Total Ore Reserves	70	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