

POSCO Signs Binding Agreement for US\$40m investment in Black Rock

HIGHLIGHTS

- **POSCO has signed a binding agreement for a US\$40m equity investment in Black Rock, which is expected to take place via two tranches:**
 - **Tranche 1: A\$9.0m investment in 155.3m shares at a price of A5.8c, a 10% premium to the 10 day volume weighted average price, increasing POSCO's stake in Black Rock from 10.1% to 19.99%**
 - **Tranche 2: The balance of POSCO's US\$40m investment will be at the same price as other investors in the final equity raising to build Module 1 on the Final Investment Decision (FID), capped at a maximum stake in Black Rock of 19.99%**
- **POSCO's investment to secure long-term fines offtake for Mahenge Module 2, with the proceeds to be used to fund the development of Module 1**
- **POSCO's US\$40m equity investment remains subject to regulatory approvals as well as confirmation all necessary funding to build Mahenge Module 1 is in place**

Tanzanian graphite developer **Black Rock Mining Limited** (ASX: **BKT**) (**Black Rock**, **BKT** or the **Company**) is pleased to announce that it has signed several binding agreements (**Agreements**) with its Strategic Alliance Partner, POSCO International Corporation (**POSCO**), in relation to POSCO investing US\$40m in Black Rock. In exchange, Faru Graphite Corporation Limited (**Faru**) (the 84% subsidiary of Black Rock and owner of the Mahenge Graphite Project (**Mahenge** or the **Project**)) will grant POSCO the long-term fines offtake of graphite concentrate from Module 2.

Subscription Agreement for US\$40m Investment

Under the Agreements POSCO will invest US\$40m in Black Rock with the proceeds to be used to fund the development of Mahenge Module 1, from which POSCO has already secured the offtake contract for all the fines graphite produced. In return for the investment, Faru will grant POSCO the future offtake rights for the fines graphite production of Mahenge Module 2, when built.

The binding subscription agreement for POSCO's US\$40m equity investment (**Subscription Agreement**) remains subject to conditions precedent including FIRB approval, approval from the Fair Competition Commission of Tanzania and shareholder approvals as well as confirmation all necessary funding to build Mahenge Module 1 is in place. Annexure A summarises the material conditions precedent to the Subscription Agreement.

The Agreements build on the strategic partnership between Black Rock and POSCO which is working towards developing the Mahenge Graphite Project to provide a significant new source of natural graphite into a highly dependent global market driven by clean energy demand. Importantly, the Agreements also signals further de-risking of the Company's funding strategy to develop Mahenge.



Commenting on the Agreements with POSCO, Black Rock CEO, John de Vries, said:

"We are extremely pleased to be further deepening our relationship with POSCO and we believe today's announcement represents a strong endorsement of the promising future of the Mahenge Graphite Project.

POSCO's binding offtake agreement for the fines for Mahenge Module 2 also represents a major de-risking milestone for the Company, providing increased confidence for all of our stakeholders as well as improved visibility on funding and our pathway to production."



Photos: The POSCO Signing Ceremony in Perth on 3 September 2024. Attendees from left to right include Senior Executive Vice President of POSCO Holdings Mr Jun Hyung Kim, Chairman Black Rock Mining Mr Richard Crookes, the Australian Minister for Resources Ms Madeline King, Korean Minister for Trade Mr In-Kyo Cheong, CEO of POSCO International Mr Kye-In Lee and Chairman of POSCO Group Mr In-Hwa Chang.

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Directors
Richard Crookes Chairman
John de Vries Managing Director & CEO
Ian Murray Non-Executive Director

Offtake Agreement for Module 2 Fines

Faru has agreed terms and will execute a second offtake agreement shortly with its strategic alliance partner, POSCO, to supply high purity graphite for 100% of planned fines (-#100) production from Mahenge Module 2 (**Offtake Agreement**). The deal converts the MOU announced on 4 September 2023 to a full form binding agreement and supports a clear path to a qualified commercial market for Black Rock's high quality graphite concentrate.

Key terms of the Offtake Agreement include:

Key Offtake Terms

- Binding long-form offtake agreement;
- Initial 12-year offtake term for 100% of -#100 mesh concentrate from Module 2,
 - o Term extendable by an additional 5 years at POSCO's option (after initial 12 years);
 - o Term extendable by an additional 5 years at POSCO's option (after initial 12 years plus 5 year extension);
 - o Term extendable by an additional 5 years by mutual agreement (after initial 12 years plus two 5 year extensions);
- 30ktpa (minimum quantity 20ktpa); and
- Pricing mechanism linked to visible industry benchmark.

The term of the POSCO's fines offtake for Module 1 has also been amended to reflect the same terms as Module 2 stated above.

Marketing Agreement

Faru has also agreed terms and will execute a marketing agreement with POSCO pursuant to which POSCO has the non-exclusive right to market large flake graphite which is to be produced by Faru to purchasers located outside of China. POSCO will be paid a commission for sales arranged by it. POSCO may also acquire small flake graphite on commercial terms where it wishes to trade that product. This agreement is terminable by either party in the event the voting power of the POSCO Group in Black Rock falls below 10%.

Umbrella Agreement

Black Rock, POSCO and POSCO Holdings Inc. are parties to an Umbrella Agreement, which document was entered into on 10 February 2021. The agreement regulates the rights and obligations of the parties, given the nature of their strategic alliance. Pursuant to this agreement, the POSCO group has:

- the right to appoint a director to the Company;
- the right to participate in Black Rock sub-committee meetings;
- the right to be given the opportunity to participate in future fundraisings; and
- the right to enter into offtake agreements for small flake product produced by Faru.

Various rights of the POSCO Group under this agreement may be terminated where their voting power in the Company falls below 10%.

Annexure A – Conditions precedent to the Subscription Agreement

The material conditions precedent to the Subscription Agreement include:

- POSCO receiving written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), by or on behalf of the Treasurer of the Commonwealth of Australia or his delegate (**Treasurer**), advising that the Commonwealth Government does not object to the transactions contemplated by the Subscription Agreement, either unconditionally or subject only to standard tax conditions or otherwise on conditions that are acceptable to POSCO (acting reasonably);
- the Treasurer becoming precluded by the passage of time from making an order or decision under Part 3 of the FATA in relation to the subject matter of the Subscription Agreement and the transactions contemplated by it; or
- where an interim order is made under section 68 of the FATA in respect of the transactions contemplated by the Subscription Agreement, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision.
- the Company validly convening and holding the required shareholder meeting to approve (amongst other matters), for the purposes of the applicable ASX Listing Rules:
 - the issue of shares to POSCO;
 - the issue of such number of shares, excluding the shares issued to POSCO, which are required to be issued in order for the Company to have funds sufficient to fund the equity component of the development costs for the Project.
- No material adverse effect has occurred between the date of the Subscription Agreement and immediately prior to completion occurring.

About POSCO

POSCO Holdings Inc is a large South Korean steel conglomerate with a market capitalisation of over US\$22bn with a large and growing battery materials business. POSCO Holdings Inc's 60%-owned battery business is called **POSCO Future M Co., Ltd** (previously known as POSCO Chemical). POSCO Future M Co., Ltd produces both cathodes and anodes and in 2022 was the world's largest anode producer outside China. POSCO Future M Co., Ltd plans to grow its anode business from 82ktpa in 2022 to 370ktpa by 2030. **POSCO International Corporation** is South Korea's largest trading company, is 71%-owned by POSCO Holdings Inc and is responsible for securing raw materials for the group.

This ASX release was authorised on behalf of the Black Rock Board by:

John de Vries, Managing Director & CEO

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Forward looking statements disclaimer

This announcement contains certain "forward-looking statements" and comments about future matters. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "estimate", "target", "outlook", and other similar expressions and include, but are not limited to, the timing, outcome and effects of the financing process. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this release speak only as of the date hereof, are preliminary views and are based on assumptions and contingencies subject to change without notice. Forward-looking statements are provided as a general guide only. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Any such forward looking statement also inherently involves known and unknown risks, uncertainties and other factors and may involve significant elements of subjective judgement and assumptions that may cause actual results, performance and achievements to differ. Except as required by law the Company undertakes no obligation to finalise, check, supplement, revise or update forward-looking statements in the future, regardless of whether new information, future events or results or other factors affect the information contained in this announcement.

About Black Rock

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange (ASX: **BKT**). The Company has an 84% interest in the world-class Mahenge Graphite Project (**Mahenge**) located in Tanzania. In July 2019 (ASX announcement 25 July 2019), the Company released an enhanced Definitive Feasibility Study (**eDFS**) for Mahenge. Black Rock has obtained all Environmental approvals, Mining Licences and its Resettlement Action Plan.

In June 2020 Black Rock announced a Strategic Alliance with POSCO for the development of Mahenge, including an equity investment of US\$7.5m, followed by an offtake agreement for the fines for Module 1 (32% of volume) plus a US\$10m prepayment facility. POSCO has also signed an MOU for 6ktpa of large flake graphite (7% of volume) increasing POSCO's offtake interest to almost 40% of Module 1. In September 2024, POSCO approved its US\$40m equity investment in Black Rock and secured the fines offtake for Mahenge Module 2.

In December 2021, Black Rock signed a Framework Agreement with the Government of Tanzania confirming a 16% Free Carried Interest shareholding, agreed to consolidate its Mining Licences into a Special Mining Licence (**SML**). The SML for Mahenge was issued in September 2022.

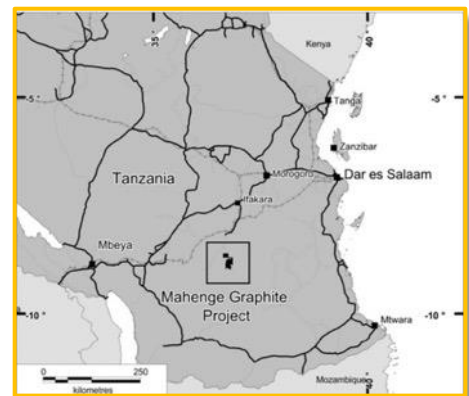
Black Rock completed a FEED process (Front End Engineering Design) in September 2022, re-estimating the capital and operating costs for Mahenge as part of the eDFS Update¹. The eDFS Update confirmed Mahenge as a robust project with attractive returns. Key Project metrics comprise:

- *Tier 1 Scale*: Mahenge has a resource of over 200mt and the 2nd largest graphite reserve globally
- *Modular development approach*: Initial Capex of US\$231m²;
- *1st quartile on the global cost curve*: Adjusted C1 Cash cost of US\$359/t³
- *Attractive projected returns*: Unlevered IRR post-tax, post free carry of 36%⁴
- *Substantial upside potential*: NPV_{10 nominal} post-tax, post free carry of A\$2.1bn or US\$1.4bn⁴

The Company is now construction-ready subject to financing and on 18 March 2024, Black Rock announced approvals for US\$153m in debt facilities with DBSA, IDC and CRDB.

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).

JORC Compliant Mineral Resource Estimate and Ore Reserve⁵			
Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	70.5	8.5	6.0
Total Ore Reserves	70.5	8.5	6.0
Mineral Resources			
- Measured	31.8	8.6	2.7
- Indicated	84.6	7.8	6.6
Total M&I	116.4	8.0	9.3
- Inferred	96.7	7.4	7.2
Total M, I&I	213.1	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

¹ Refer market announcement dated 10 October 2022: Black Rock Completes Front End Engineering Design, Reconfirming Mahenge as Tier 1 scale project with compelling projected returns. The Company confirms that all the material assumptions underpinning the production target, or forecast financial information derived from the production target, in the original market announcement continue to apply and have not materially changed.

² Includes US\$182m for Module 1 capex + US\$33m for power line + US\$16m for early works and other costs (not included in the eDFS Update). Power costs expected to be ~US8c/kWh less a meaningful rebate to recoup the costs of the power line. Forecast Capex has been classified as a Class 2 estimate with accuracy of ±10% as defined by AACE.

³ Adjusted for larger proportion of higher value large flake compared to global peers. Access to low-cost, hydro-dominated grid power is one of BKT's key competitive advantages.

⁴ Based on Expert Consensus graphite price forecasts, based on the average graphite price forecasts from Benchmark Mineral Intelligence, Fastmarkets and Wood Mackenzie

⁵ Resource Estimate as released to ASX on 3 February 2022: BKT Confirms 25% increase in Measured Resources and Ore Reserve Estimates as released to ASX on 8 August 2017: BKT delivers Exceptional Optimised PFS. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters underpinning the estimates of Mineral Resources or Ore Reserves in the original market announcements continue to apply and have not materially changed.