

## Black Rock and POSCO Complete External Due Diligence & Commence Negotiating Investment Agreement

### HIGHLIGHTS

- **Black Rock confirms completion of all external due diligence activities with POSCO under its Strategic Alliance and Development Memorandum of Understanding**
- **The parties to negotiate a binding Investment Agreement for the development of the Mahenge Graphite Project**

Tanzanian graphite developer **Black Rock Mining Limited** (ASX:BKT) (**Black Rock** or the **Company**) is pleased to announce that both Black Rock and its Strategic Alliance and Development partner, POSCO Ltd (**POSCO**) have completed the relevant external due diligence activities.

### Background

Black Rock announced in June 2020, that it had entered into a Strategic Alliance & Development Memorandum of Understanding with Korean industrial group, POSCO, for the development of the Mahenge Graphite Project. Both companies were to complete due diligence activities with the objective of entering into a binding Investment Agreement.

### Due Diligence Completion

POSCO undertook product due diligence by conducting independent performance testing of Mahenge graphite, including spherionizing concentrate to POSCO battery specifications. Anode for battery cell performance testing was prepared from the spherionized graphite, including coating using POSCO's proprietary Intellectual Property. Extended battery performance testing has been completed, confirming anode made from Mahenge graphite meets POSCO reference standards and is suitable for lithium-ion battery anode feedstock (ASX announcement 11 November 2020).

POSCO has completed external technical, legal and commercial due diligence and will proceed with an internal investment review to determine the scope and nature of any potential support for the development and operation of the Mahenge Graphite Project

### Binding Investment Agreement

The parties have entered into a negotiation period to agree commercial terms to form a binding Investment Agreement. Under the contemplated agreement it is anticipated that POSCO will make an initial equity investment in Black Rock and elect to take up a long-term offtake agreement for up to 100% of fines (sub #100 mesh).

The binding Investment Agreement will allow for POSCO's initial equity investment to be constructed on a share price standstill formula based on Black Rock's share price leading up to the close of trading on the ASX on 20 November 2020 (being the end date of the due diligence period).

### Commenting on the partnership with POSCO, Black Rock Managing Director and CEO, John de Vries said:

*"The Company is pleased with the official completion of POSCO's external due diligence and the manner in which our partnership with such a significant global corporation as POSCO is progressing.*

*This outcome advances a clear pathway for the development of the Mahenge Graphite Project."*

This 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.

In October 2018, the Company released a Definitive Feasibility Study (DFS) for the Project, which was based on strong customer demand. This was enhanced in July 2019 (refer to ASX release 25 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\*\*)

In February 2019, the Company announced receipt of its mining licence 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 (refer to ASX release 8 May 2019). The Company is progressing these agreements into binding offtake commitments.

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 currently progressing financing discussions and detailed engineering with a view to commencing construction of the mine.

<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>

