

# Black Rock Mining Ltd

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## Black Rock Mining signs EPC framework agreement for Tanzanian graphite project

Black Rock Mining Ltd (ASX:BKT) has signed a framework agreement with a large Chinese infrastructure contractor outlining key terms to progress to a binding Engineering, Procurement and Construction (EPC) contract for Mahenge Graphite Project in Tanzania.

The non-binding Cooperation Framework Agreement (CFA) with China Railway Seventh Group Co Ltd (CRSG) is aimed at advancing to an EPC contract for the module one process plant and non-process infrastructure (NPI) at Mahenge.

### Coordinated EPC approach

It provides for a coordinated EPC approach between CRSG and Yantai Jinyuan, Black Rock's existing strategic build partner.

The CFA also provides for the development of a conventional EPC arrangement containing customary performance warranties and typical risk allocation structures such as guarantees and bonding that are required by project financiers.

### "Big step forward"

Black Rock managing director and CEO John de Vries said: "This framework agreement is a big step forward for Black Rock and our Mahenge Graphite Project.

"To have Black Rock aligned with a project execution partner as large, established, Africa-proven and financially robust as China Railway Seventh is materially significant."

Shares are more than 10% higher to 6.2 cents, an increase from 4.5 cents on January 10.

The intention of the CFA is for CRSG to act as head EPC contractor for module one Mahenge process plant and NPI with existing partner Yantai to design and supply plant machinery and specific elements of NPI.

While non-binding in nature, the CFA provides a structure and timetable to rapidly move towards an agreed EPC contract price and binding executed agreement.

Black Rock and CRSG/Yantai are targeting the execution of a binding term sheet by March 31, 2020.

**Price:** 0.031

**Market Cap:** \$19.5 m

### 1 Year Share Price Graph



### Share Information

**Code:** BKT

**Listing:** ASX

**52 week High Low**  
0.115 0.026

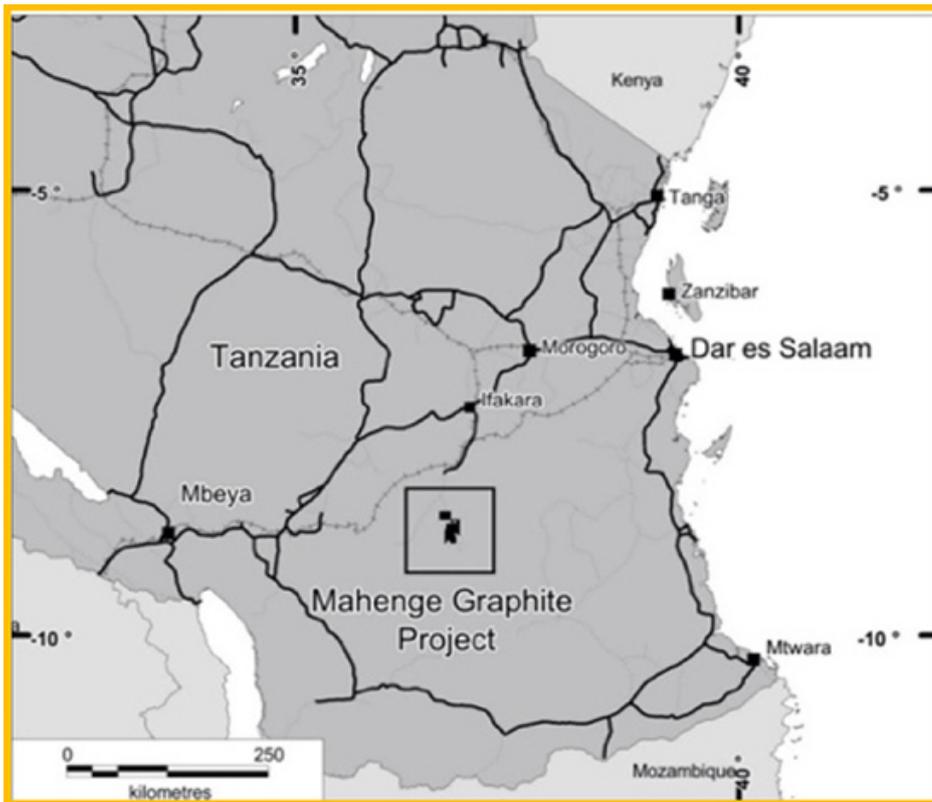
**Sector:** Exploration & Production

**Website:** [www.blackrockmining.com.au](http://www.blackrockmining.com.au)

### Company Synopsis:

*Black Rock Mining Ltd (ASX:BKT) is focused on exploring and developing its Mahenge graphite project in Tanzania.*

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#### African experience

CSRG has significant operations and experience in Africa having undertaken major construction and civil project works in about 20 countries across East Africa, West Africa and the Middle East.

CSRG has been active in Tanzania for the last 15 years and brings to the Mahenge project considerable experience and on-ground execution knowledge not available from non-Tanzanian based entities.

Its parent company, China Railway Group Limited, is a Chinese State-Owned Enterprise that is amongst the largest construction businesses globally.

#### "Greater certainty"

De Vries said: "Our discussions have been highly collaborative to this point, as reflected directly in the specific framework agreement terms.

"In short, the agreement delivers us greater certainty on our project execution.

"It has been deliberately structured to deliver a final EPC contract that maximises both partner alignment and appeal to potential project financiers.

"This includes with respect to the deferred, performance-based payment terms that would significantly reduce our upfront capital requirement and overall build execution risk."

The CFA provides for the development of a conventional EPC arrangement

containing customary performance warranties and typical risk allocation structures such as guarantees and bonding that are required by project financiers.

#### Deferred payment structure

Key agreed terms include a staged approach to the development of a final EPC contract price and a deferred, performance-based payment structure.

This deferred payment structure results in over 30% of the total EPC contract value payable only after completion of final plant performance tests to requisite levels.

On an indicative basis, these deferred payment terms would result in around US\$24 million of the US\$116 million module one development capital estimate in the Mahenge Enhanced DFS being deferred and payable only after effective plant completion and over a trailing 12-month period from that point.

<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	70	8.5	6.0
<b>Total Ore Reserves</b>	<b>70</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>

De Vries added: "CRSG and Yantai have also agreed to provide assistance in relation to Mahenge project financing, including any related financing based on Chinese content.

"We now look forward to advancing rapidly with CRSG and Yantai towards a final EPC contract for development of the world-class Mahenge Graphite Project."

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