

**TANZANIA INVESTMENT CENTRE  
DAR ES SALAAM**

**PROGRESS REPORT**

(Information required for the project's progress report after every six months or for amendment of Certificate of Incentives)

**1. Planned activities for the period**

- Execution of the Framework Agreement is expected to be done before end of December.
- Compensation payment is to follow after the execution of the Framework agreement which we hope to do by early next year.
- Construction of the alternative residential housings for the Project Affected Person who have chosen to receive houses instead of cash compensation on their houses.
- Registration of the new Joint Venture Company BRELA.
- Registration and transfer of Special Mining Licence to the new Joint Venture Company is also to be done next year.
- Compliance with the Local Content Regulations with the submission of the Local Content Plan, Proposed Contracts and notification to the Commission on the bidding process.

**2. Achievements made on the project implementation to date**

(i.e. from the date the project was approved to the date of writing the report)

- Since mid-2017 Mahenge Resources Limited (MRL) has delivered a Pre-Feasibility Study, an optimized Pre-Feasibility Study, a Definitive (Bankable) Feasibility and an *Enhanced* Definitive (Bankable) Feasibility Study (**eDFS**). These studies have involved demonstrating project metallurgy through operating the largest, and the second largest pilot plants ever run for a graphite project globally. Concentrate from these pilot plants has been used to develop market interest to support financing and project development.
- In October 2020, the company completed community engagement associated with Resettlement Action Plan(RAP). The Company was formally advised that the RAP submission to the Office of the Chief Government Valuer has been accepted and approved. Total compensation payable to affected persons is around \$5.8m USD. This payment will be made available once we have finance which is

contingent of completion of the Free Carried Interest agreement of which we hope to sign before the end of December.

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc.

**3. Provide updated information on the following aspects:**

S/No.	Information	Description	Current Project Status
1	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	<p>1. Blackrock Mining Limited <b>(Australian Company)</b> <b>14.9%</b></p> <p>2. John Cornelius De Vries <b>(Australian)</b> <b>0.1%</b></p> <p>3. <b>85% ARE UNISSUED SHARES</b></p>
2	Company communication Information	<p>Email address</p> <p>Mobile Number</p> <p>Land Line Telephone Number</p> <p>Physical Address (Plot No. Block No. Street, District and Region)</p>	<p><a href="mailto:hekiray@blackrockmining.com.au">hekiray@blackrockmining.com.au</a></p> <p>0719 382 631</p> <p>Msasani Tower Building, Macho, Near CCBRT Hospital, 2<sup>nd</sup> Floor, Wing B P.O BOX 105735, Kinondoni District <b>DAR ES SALAAM.</b></p>
3	Contact Person	<p>Name</p> <p>Position</p> <p>Communication details (Email, Mobile and telephone)</p>	<p>Raymond Albin Hekima</p> <p>Vice President-Corporate</p> <p><a href="mailto:hekiray@blackrockmining.com.au">hekiray@blackrockmining.com.au</a></p> <p>0719 382 631</p>
4	Incorporation	Certificate of Incorporation Number	110606

5	TIN Information	TIN Certificate No.	127-390-533
6	Project Objective	Project Core Activity	Mining
7	Capacity	Project capacity per year	USD \$120m to \$140m
8	Direct Employment	Foreign Men Foreign Women Local Men Local Women	0 0 0 0
9	Indirect employment	Type/areas of Indirect employment	Sub-contractors in providing services on behalf of the Company for the Resettlement Process at Mahenge.

#### 4. Project Financing Expenditure to date (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	-	-	-
Plant and machinery	-	-	-
Vehicles/Aircrafts	-	-	-
Furniture	-	-	-
Office equipment	-	-	-
Insurance Cover	-	-	-
Pre-operational expenses	\$16.2 m	-	\$16.2 m
Working sub-total capital	-	-	-
<b>Grand Total</b>	<b>\$16.2 m</b>	<b>-</b>	<b>\$16.2 m</b>

#### 5. Project Financing

Explain how the project is being financed e.g equity, loans, sources of loans, conditions etc. see table below:-

	Amount (USD)	Source Country
Local equity	-	-
Local loans	-	-
Foreign equity	\$16.2 m	Australia
Foreign Loans	-	-
<b>Total Investment</b>	<b>\$16.2 m</b>	<b>Australia</b>

#### 6. Problems and Solutions

**Explain problems, which the management is encouraging in executing the project and the steps being taken to solve them**

The project has completed all studies since June 2019. It is not possible to advance the project until the Government of Tanzania Free carried Interest provisions are completed. Once FCI is resolved, Tanzania and International project finance stream will be

commenced. This is expected to raise between USD \$120m to \$140m. Once invested the project will provide for over 1,000 local jobs and is expected to contribute through tax and dividends over \$100m annually to Government of Tanzania.

## **7. Future Plans**

**Explain future plans for the next coming six months and planned financial commitments**

**Assuming Free Carried Interest is resolved, it is expected that the following actions will commence over the next 6 months:**

- Project finance to secure USD \$120 – 140m to support project finance. This will include debt and equity investment. Debt will involve a Tanzanian banking syndicate which includes foreign banks
- Construction of lower access roads to improve community safety by avoiding heavy transport on steep grades
- Commencement of the resettlement process including payment of compensation and construction of replacement houses
- Placement of orders for long lead time items such as mills and crushers
- Issue of tenders, followed by awarding of contracts for construction inputs such as steel, concrete and project services
- Commencement of recruitment of skilled Tanzanian professionals to support organizational development and preparation of Operational Readiness
- Commencement of construction at Mahenge, and Ifakara once wet season has finished and ground is trafficable
- Construction is expected to last 18 months from early December 2021.

## **8. Recommendations and any other comments**