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Blencowe Resources

("Blencowe" or the "Company")

First Offtake MOU Signed for 15,000 Tonnes of Large Flake Per Annum

Agreement provides for sale of significant percentage of large flake end products

Blencowe Resources signs its first non-binding Memorandum of Understanding ("MOU") for natural large flake concentrate offtake from the Orom-Cross Graphite Project. Partnering with Jilin New Technology Graphite Co. ("Jilin"), a prominent global graphite consumer, this initial MOU is the first of several offtake agreements anticipated to complete in the near future ahead of completing the DFS.

Highlights:

- **Offtake Supply Agreement:** MOU to supply 15,000t/annum of blended large flake graphite, covering 66% of Orom Cross initial large flake production for up to three years from start.
- **Industry Leader:** Jilin is a leading processor of battery anode materials and expandable graphite based in north east China.
- **Pricing Terms to Follow:** Pricing to be agreed under the terms of a formal agreement to be entered into following completion of the Orom-Cross Definitive Feasibility Study ("DFS").
- **Higher Revenue Contribution:** As large flake concentrate commands substantially higher prices than small flakes this MOU covers approx. 50% of the total revenue from Orom-Cross.
- **Product Validation through Testing:** Initial offtake MOU follows substantial test work, validating product quality.
- **Advanced Pilot Plant Progress:** 600-tonne bulk sample test program nearing completion, facilitating direct engagement with potential customers for small flake concentrate.
- **Ongoing Tier-One Discussions:** Following successful trip to China and South Korea, Blencowe maintains positive discussions with tier-one offtakers worldwide for the balance of its planned annual graphite production.

Jilin MOU

The Jilin MOU follows extensive discussions between Blencowe senior management during the recent visit to China, and follows successful bulk testing of graphite concentrate produced by Orom-Cross.

Jilin, a leading vertically integrated graphite producer, is the parent company of the group that completed the 100 tonne bulk sample for Blencowe in 2023 and is currently undertaking the 600t bulk sample processing program which is nearing completion.

The 600t bulk sample will generate commercial scale graphite concentrate divided into large and small flakes. The small flake concentrate will be upgraded to 99.95% by a leading Chinese SPG (spheronised purified graphite) producer, to be distributed to OEMs thereafter for their own testing. Completion of this exercise will be in Q3 2024, facilitating qualification of Orom-Cross small flake products with tier-one offtakers and paving the way for offtake agreements (currently under discussion). This small flake qualification process leading to offtake agreements, which often takes several years, has been expedited by Blencowe who will have completed it in a much shorter timeframe than other graphite companies.

Unlike small flake product, large flake products do not require the same qualification process, hence the more rapid move to signing this first MOU.

Orom Cross Production

The Pre-Feasibility Study envisages Orom-Cross initially delivering 50,000tpa of concentrate post commencement of full mining operations. Approximately 45% of this will be delivered as large flake products which means that the Company will have up to 22,500t per annum of large flake capacity to sell.

This Jilin MOU thus encompasses two-thirds of the company's proposed steady state production of large flake graphite products (+100mesh, +80mesh and +50mesh) within the first three years. Thereafter it is anticipated the overall production volume will ramp up substantially. Given that large flake concentrate commands substantially higher prices than small flakes, this 15,000tpa to Jilin represents nearly 50% of the anticipated initial total revenue from Orom-Cross, underscoring the MOU's significance in the context of future project financing and returns.

Other MOUs

Blencowe is currently in advanced negotiations with multiple leading OEMs in China and South Korea regarding the sale of its remaining large flake products and smaller flake products utilised in batteries. These discussions have been positive and the Company anticipates delivering further MOUs with leading buyers of graphite products worldwide with the aim of securing offtake partners for the entire production output from Orom-Cross.

Executive Chairman Cameron Pearce commented:

"This MOU is a key milestone for the Company and it is just the beginning. We anticipate announcing several more agreements over the next few months. Jilin is a leading graphite company globally and this is a strong endorsement of the graphite product from Orom-Cross."

"The 600-tonne bulk testing program will allow us to provide concentrate to qualify our small flake products through a rigorous qualification process so that we can progress offtake discussions with other tier-one consumers of graphite. We have been able to fast-track what is typically a lengthy process and look forward to completing this qualification process shortly by delivering the relevant concentrate and SPG to these groups."

"This key milestone reflects the rapid progress we have made. Over the coming months we expect to maintain momentum by securing further MOUs and advancing the DFS. Each step brings us closer to unlocking more value and further de-risking the Orom-Cross project. We look forward to delivering further updates on project key components particularly results of our 600-tonne testing programme and further on offtakes."

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Background

Orom-Cross Graphite Project

Orom-Cross is a potential world class graphite project both by size and end-product quality, with a high component of more valuable larger flakes within the deposit.

A 21-year Mining Licence for the project was issued by the Ugandan Government in 2019 following extensive historical work on the deposit and Blencowe has moved into the Definitive Feasibility Study phase as it drives towards first production.

Orom-Cross presents as a large, shallow open-pit able deposit, with a maiden JORC Indicated & Inferred Mineral Resource deposit of 24.5Mt @ 6.0% Total Graphite Content. Development of the resource is expected to benefit from a low strip ratio and free dig operations, thereby ensuring lower operating and capital costs.

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