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## MINCOR SIGNS OFFTAKE TERM SHEET WITH BHP NICKEL WEST

**Milestone development establishes strong foundation for Mincor's integrated nickel restart strategy, opening the door to a new era in Kambalda nickel mining**

### **Highlights**

- **Right to process up to 600ktpa of nickel sulphide ore at the Kambalda Nickel Concentrator.**
- **Secures clear production pathway, underpinning Mincor's restart strategy.**
- **Secures substantially improved commercial terms from the previous agreement.**
- **Provides strong impetus to ongoing resource extension and exploration programs.**
- **Feasibility studies on key mine developments to be updated with latest pricing terms.**
- **Analysis of early start options will also be progressed with BHP Nickel West.**

Mincor Resources NL (**ASX: MCR, "Mincor" or the "Company"**) is pleased to announce that it has signed a term sheet setting out the major operating principles that will form the basis for a binding Ore Tolling and Concentrate Purchase Agreement ("**Offtake Agreement**") with BHP Billiton Nickel West Pty Ltd ("**BHP Nickel West**"), marking a key step in its strategy to restart nickel mining operations in the Kambalda District of Western Australia.

The Offtake Agreement will replace the historical 20-year agreement Mincor had with BHP Nickel West, which expired in February 2019. The term sheet has enshrined certain key commercial parameters which include:

1. **Contract Period** – The contract will commence on the date of delivery of first ore ("**Start Date**") and conclude on the fifth anniversary of the Start Date or 31 December 2025, whichever occurs first. Mincor must give six months' prior notice of the Start Date and if it does not do so by 30 June 2022, the Offtake Agreement will terminate unless otherwise agreed by the parties;
2. **Quantity** – Mincor has the right to have BHP Nickel West process a minimum of 200,000tpa up to a maximum 600,000tpa of nickel ore, utilising the Kambalda Nickel Concentrator and its associated infrastructure;
3. **Processing Costs** – The processing charge is confidential, however it has been benchmarked and is consistent with the cost of running comparable nickel concentrators in Western Australia. The charges have a fixed and variable element; and
4. **Sales Terms** – Mincor's revenue will be derived from nickel-in-concentrate sales to BHP Nickel West at varying participation levels dependent on the average monthly LME nickel price. The payable rates and ranges are confidential, however they reflect modern offtake terms for nickel sulphide concentrate and accordingly are substantially improved compared to the previous agreement.

Other commercial terms in the term sheet are in line with industry custom. The term sheet is subject to the completion of a full form Offtake Agreement within two months (the period which can be extended by mutual agreement), and the required Board (or equivalent) approvals within each company. The term sheet will lapse if the full form Offtake Agreement is not agreed within this timeframe or not extended by mutual agreement.

TEL 08 9476 7200  
FAX 08 9321 8994  
EMAIL [mincor@mincor.com.au](mailto:mincor@mincor.com.au)  
WEBSITE [www.mincor.com.au](http://www.mincor.com.au)  
ACN 072 745 692

POSTAL ADDRESS  
PO Box 1810  
West Perth WA 6872  
Australia

REGISTERED OFFICE  
Ground Floor, 9 Havelock Street  
West Perth WA 6005  
Australia

Mincor’s Managing Director, David Southam, said the term sheet with BHP Nickel West set the foundations for a commercially attractive processing and offtake solution for Mincor’s Kambalda nickel sulphide business which would underpin its plans to fast-track the restart of nickel mining.

“We are very pleased to have achieved this milestone position with a Tier-1 offtake partner which we expect to deliver benefits to both companies while also delivering significant value to the Kambalda and Coolgardie communities,” he said.

“This is a really important development for Mincor and our shareholders. It clearly demonstrates our commitment to restart nickel operations as quickly and efficiently as possible in one of the world’s most prolific sulphide nickel provinces.

“Mincor has clearly outlined its strategy to re-commence mining operations in Kambalda to take advantage of what we see as a looming generational change in the nickel market – and the signing of this term sheet marks a critical step towards realising that vision.

“We weighed up the alternatives, including investing in our own stand-alone nickel concentrator and the option of toll-treating our ore via third parties. The term sheet we negotiated with BHP Nickel West is compelling on a number of levels – most importantly with respect to price, risk and capital intensity – which clearly meant that this was the best economic outcome for our shareholders over the contract term with the lowest risk.

“I would like to acknowledge BHP Nickel West for demonstrating their commitment to the Kambalda District and working with Mincor to achieve this outcome – which we expect will be the catalyst for new investment in the region as we work to advance feasibility studies on our integrated restart plan.

“We believe that the nickel market is on the cusp of a new era, driven by a combination of rising underlying demand from the stainless steel market supplemented by new demand from the global lithium-ion battery industry as it gears up to supply the rapidly growing electric vehicle and energy storage sectors.

“With respect to nickel content in batteries, our firm belief is that the overwhelming trend is for high nickel content batteries that will predominantly be sourced from nickel sulphide ores. In this regard, our timing for this term sheet and our restart plans could not be better.

“With the production solution for Mincor’s high grade nickel sulphide ore now settled, our focus turns to ramping up our studies to feasibility status while committing additional funding for an accelerated drilling program, particularly at our greenfields discovery at Cassini,” Mr Southam added.

#### **NEXT STEPS**

- Conclude a full form Offtake Agreement consistent with the term sheet;
- Ramp up resource extension and exploration activity;
- Studies to be updated with the latest pricing terms and resource work; and
- Analysis of early start options with BHP Nickel West.

**- ENDS -**

#### **For further details, please contact:**

David Southam  
Managing Director  
Mincor Resources NL  
Email: [d.southam@mincor.com.au](mailto:d.southam@mincor.com.au)  
Tel: (08) 9476 7200  
[www.mincor.com.au](http://www.mincor.com.au)

#### **Media Inquiries:**

Nicholas Read  
Read Corporate  
Tel: (08) 9388 1474