

17 September 2020

MINCOR'S BOARD APPROVES DEVELOPMENT OF KAMBALDA NICKEL OPERATIONS

Final Investment Decision underpinned by credit approved terms sheet for a highly competitive \$55 million¹ project debt facility and the Company's strong cash position

- **Mincor's Board approves development of the Kambalda Nickel Operations.**
- **Credit Approved Terms Sheet for a Project Debt Facility of \$55 million secured from two Tier-1 international banks.**
- **Key terms include a highly competitive interest rate, minimal hedging and early repayment flexibility.**
- **\$60 million of Mincor's existing cash reserves to be placed into a Proceeds Account for the Kambalda Nickel Operations, together with the \$55 million debt facility, will cover the peak funding requirements, fees and standby liquidity.**
- **Approximately \$40 million in cash maintained at the corporate level to provide additional contingency and fund ongoing exploration programs over the next 18 months.**
- **"Notice to Proceed" issued to the Company's underground mining contractor, Pit N Portal, triggering the 60-day mobilisation period under the terms of the contract executed in May 2020.**
- **Full-scale construction and development activities scheduled to ramp-up in Q4 CY20.**
- **First nickel-in-concentrate production scheduled for late Q1 CY22.**

Mincor Resources NL (**ASX: MCR, "Mincor" or "the Company"**) is pleased to advise that its Board has approved the development of its 100%-owned **Kambalda Nickel Operations ("KNO")** in Western Australia, marking the beginning of an exciting new chapter for the world-renowned nickel district and signalling the Company's imminent return to the ranks of Australia's mid-tier nickel mining companies.

The announcement of a Final Investment Decision ("**FID**") for the planned re-commencement of nickel mining at Kambalda by Mincor is supported by a Credit Approved Terms Sheet which has been agreed with two Tier-1 international banks to provide a secured \$55 million project finance facility ("**Facility**"). The Facility remains subject to completion of legal due diligence, documentation and customary conditions precedent.

The Facility, together with the Company's existing cash reserves of more than \$100 million, will allow Mincor to efficiently execute the delivery of its nickel restart plan in line with the Definitive Feasibility Study ("**DFS**") announced in March 2020.

The DFS outlined an initial 5 year operation with pre-production CAPEX of \$68 million and a peak funding requirement of \$97 million. KNO is forecast to produce 71kt of nickel and 5kt of copper on a life-of-mine basis, with peak annual nickel-in-concentrate production of >16ktpa at a forecast LOM unit cost of US\$2.35/lb (A\$3.36/lb).

\$55 million Project Debt Facility

Two Tier-1 international banks, BNP Paribas and Société Générale ("**Financiers**"), have provided a Credit Approved Terms Sheet and have been mandated with next steps including legal due diligence, documentation and completion of conditions precedent before first drawdown. The Facility will be utilised to provide project development and working capital during the construction, commissioning and ramp-up phases at KNO.

¹ The \$55m debt facility is in Australian dollars. Unless otherwise stated, all monetary terms are in Australian dollars.

The Credit Approved pricing, terms and conditions agreed with the Financiers reflect the highly bankable nature of KNO, its sales and processing arrangement with BHP Nickel West and its location in a well-established, Tier-1 global mining district.

Table 1: Credit Approved Term Sheet – Key Terms

Facility Amount	\$55 million (50% BNP Paribas & 50% Société Générale)
Tenor	3.75 years
Last Repayment/ Expiry	30 September 2024
Interest Rate	Currently 3.7% per annum (BBSY + 360 basis points)
Upfront Fee	1.75%
Undrawn Commitment Fee	1.44% per annum
Amortisation/ Repayment	Quarterly repayments sculpted from 30 September 2022 Additional cash sweep of 40% of surplus cash in excess of a minimum liquidity requirement of \$8 million to be applied to repayments
Early Repayment	Allowed without penalties or charges
Mandatory Hedging	AUD hedging of ~5,500 nickel tonnes at price not less than \$17,000/t, split into 2 tranches: <ul style="list-style-type: none"> ▪ ~3,400 nickel tonnes hedged as a condition precedent to first draw-down; and ▪ balance of ~2,100 nickel tonnes prior to commencement of production. Should the hedged price be less than \$17,000/t for the balance quantity, there is flexibility to compensate for the lower achievable price
Conditions and Warranties	Customary for a project financing facility of this nature

Funding Structure

Mincor intends to place \$60 million of its existing cash reserves into a Proceeds Account together with the funds available under the Facility. With equity funds being utilised in priority, the Company does not anticipate to draw-down the Facility until the September 2021 quarter, providing ample time to complete legal due diligence, documentation and customary conditions precedent.

This approach will effectively ring-fence the funds required to cover the peak funding requirement of \$97 million for KNO, leaving the Company with approximately \$40 million in cash reserves. This has been purposefully structured to provide an additional funding buffer and allow Mincor to continue to progress nickel sulphide exploration programs across its Kambalda landholdings aimed at further expanding its Mineral Resource and Ore Reserve inventory. This strategy has already yielded early success noting the discovery hole MDD350 intersection at Cassini North of **2.5m @ 6.6% Ni** announced on 9 September 2020.

Mincor has been advised by Orimco and Wright Legal for the Facility arrangements.

Next Steps

With funding now materially advanced and Board approval in place, Mincor has issued a “Notice to Proceed” to its underground mining contractor, Pit N Portal, in line with the binding contract executed in May 2020 (see ASX announcement on 28 May 2020).

Pit N Portal has 60 calendar days to plan and mobilise for commencement of the contract. There are already several Pit N Portal personnel on site following the commencement of an early works program.

With all required key environmental and State Government permitting in place to commence, Mincor anticipates that mobilisation will ramp-up quickly over the coming weeks, with commercial mine development and surface construction expected to be in full swing during the December 2020 quarter.

Subject to unforeseen delays, Mincor is targeting commencement of ore production early in the December 2021 quarter. First ore delivery to the BHP Nickel West Kambalda Nickel Concentrator and first nickel concentrate production is expected in the March 2022 quarter.

The restart of nickel mining and production in Kambalda is a very positive development for the region and Mincor is positively skewed toward engaging local contractors and employees while providing opportunities for our indigenous partner, the Ngadju People.

On a life-of-mine basis, the DFS completed earlier this year estimated total capital expenditure of approximately \$179 million, with the operation expected to generate around 200 long-term jobs during operations.

Commenting on the FID and financing advancement, Mincor’s Managing Director, David Southam, said:

“It is a great honour to be announcing a Final Investment Decision which heralds Mincor’s return to nickel mining in Kambalda after a hiatus of some four years.

“We are now on the cusp of realising our vision to resume profitable and sustainable nickel sulphide mining in the Kambalda district, and to do so in an environmentally responsible and ethical manner that will see this great nickel province return to the forefront of Class-1 nickel production globally.

“We are doing this at a particularly exciting time in the nickel market as a new wave of nickel demand emerges, driven by the electrification of the global transport fleet and the rapid growth of the lithium-ion battery industry globally. These trends have only accelerated in recent months, spurred on by post-COVID Government stimulus programs, and I expect that our production restart timetable will be well aligned with current market trends.

“The announcement of a Final Investment Decision heralds an exciting new era for Kambalda, and for Mincor, and reflects a great deal of hard work by the members of our team over the past year. We have experienced strong support from the State Government with approvals and local support from the Shire of Coolgardie. I would like to extend my sincere thanks to each and every one of them for their contribution to this extraordinary result.

“My thanks also to the shareholders and investors who have backed our vision. The exceptionally competitive interest rate and attractive terms of this proposed Facility reflect the many attributes of the Project, and a strong endorsement of our team, assets and our robust development plan. BNP Paribas and Société Générale have also provided significant support in a compressed time period, demonstrating their expertise to work with Australian mining companies in Western Australia.

“Together with our mining contractor, Pit N Portal, we are looking forward to getting on with the job and will be providing regular updates to our shareholders as we commence full-scale construction and development next month. Furthermore, we also have active exploration programs underway, with lots of news to come from Cassini, Cassini North, Durkin-Long and other regional targets. By the time of our first nickel ore production, we are confident that we should be able to deliver further growth in our Mineral Resource and Ore Reserve base.”

Commenting on Societe Generale’s support, Daniel Mallo, Head of Natural Resources and Infrastructure, Asia Pacific, said:

“We are delighted to bring our extensive technical and sector knowledge to support Mincor’s project financing for the development of its Kambalda Nickel Operations. When developed, the assets will be ideally positioned as part of an integrated supply chain to the fast growing Asian markets for a range of applications including the EV battery industry. Our involvement reaffirms our commitment to the metals and mining sector, and the importance of mining as an enabler of energy transition towards a low carbon economy.”

- ENDS -

Approved by:
Board of Mincor Resources NL

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Summary Information

The following disclaimer applies to this announcement and any information contained in it (the Information). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Mincor's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on Mincor's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Mincor, which could cause actual results to differ materially from such statements. Mincor makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

APPENDIX 1: Nickel Mineral Resources and Ore Reserves

Nickel Mineral Resources as at 25 June 2020

RESOURCE	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni tonnes
Cassini			1,282,000	4.0	194,000	4.1	1,476,000	4.0	58,700
Long			487,000	4.1	303,000	4.0	791,000	4.1	32,000
Redross	39,000	4.9	138,000	2.9	67,000	2.9	244,000	3.2	7,900
Burnett	-	-	241,000	4.0	-	-	241,000	4.0	9,700
Miitel	156,000	3.5	408,000	2.8	27,000	4.1	591,000	3.1	18,100
Wannaway	-	-	110,000	2.6	16,000	6.6	126,000	3.1	3,900
Carnilya*	33,000	3.6	40,000	2.2	-	-	73,000	2.8	2,100
Otter Juan	2,000	6.9	51,000	4.1	-	-	53,000	4.3	2,300
Ken/McMahon	25,000	2.7	183,000	3.9	54,000	3.2	262,000	3.7	9,600
Durkin North	-	-	417,000	5.3	10,000	3.8	427,000	5.2	22,400
Durkin Oxide			154,000	3.2	22,000	1.7	176,000	3.0	5,200
Gellatly	-	-	29,000	3.4	-	-	29,000	3.4	1,000
Voyce	-	-	50,000	5.3	14,000	5.0	64,000	5.2	3,400
Cameron	-	-	96,000	3.3	-	-	96,000	3.3	3,200
Stockwell	-	-	554,000	3.0	-	-	554,000	3.0	16,700
TOTAL	256,000	3.7	4,420,000	3.8	708,000	3.9	5,203,000	3.8	196,100

Note:

- Figures have been rounded and hence may not add up exactly to the given totals.
- Note that nickel Mineral Resources are inclusive of nickel Ore Reserves.

*Nickel Mineral Resource shown for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill nickel Mineral Resource.

The information in this report that relates to nickel Exploration Results and Mineral Resources is based on information compiled by Rob Hartley, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hartley is a full-time employee of Mincor Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hartley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Nickel Ore Reserves as at 30 June 2020

RESERVE	PROVED		PROBABLE		TOTAL		
	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni tonnes
Cassini			1,212,000	3.3	1,212,000	3.3	40,100
Long			162,000	2.7	162,000	2.7	4,300
Burnett	-	-	271,000	2.6	271,000	2.6	6,900
Miitel	19,000	2.9	126,000	2.1	145,000	2.2	3,300
Durkin North	-	-	675,000	2.4	675,000	2.4	16,500
TOTAL	19,000	2.9	2,445,000	2.9	2,465,000	2.9	71,100

Note:

- Figures have been rounded and hence may not add up exactly to the given totals.
- Note that nickel Mineral Resources are inclusive of nickel Ore Reserves.
- Durkin North Ore Reserves have had a minor reduction since the Ore Reserves were last reported as at 30 June 2019 as a result of a mine design access change removing the J and K ore zones from reserves.
- The Miitel Ore Reserve has a minor reduction since the Ore Reserve were last reported as at 30 June 2019 from removing two small stopes from Ore Reserves.

The information in this report that relates to nickel Ore Reserves at Cassini and Long is based on information compiled by Dean Will, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Will is a full-time employee of Mincor Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Will consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to nickel Ore Reserves at Burnett, Miitel and Durkin North is based on information compiled by Paul Darcey, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Darcey is a full-time employee of Mincor Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Darcey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The production target and forecast financial information contained in this announcement was first released to ASX on 25 March 2020 (“Mincor Operations Definitive Feasibility Study Results”). The Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in that announcement continue to apply and have not materially changed.