

THOR MINING

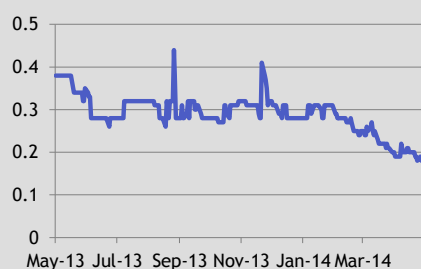
MINING

THR.L

0.18p

Market Cap: £3.0m

SHARE PRICE (p)



12m high/low

0.44p/0.18p

Source: LSE Data

KEY INFORMATION

Enterprise value	£3.4m
Index/market	FTSE/AIM
Next news	FY 14 results
Gearing	13%
Interest cover	N/A

 THOR MINING IS A RESEARCH CLIENT OF
 PROGRESSIVE

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Positive momentum continues

Potential to extend Molyhil mine life

Thor continues to make progress on its key Molyhil and Spring Hill projects. The recent good news on Molyhil is highlighted in the March 2014 Quarterly Report. Thor has identified cost reductions and process improvements which should deliver an upgrade to the Definitive Feasibility Study for Molyhil. They currently demonstrate the potential to at least extend the mine life from four years to six years – thus improving the prospect of securing project finance. The Quarterly Report also reiterates the potential at Spring Hill where the project's prospects were further enhanced when test work returned outstanding gold recovery, and reinforced previously reported assay upgrades.

- The 2012 Molyhil DFS highlighted that a 7% improvement in revenue factors (or the equivalent) was required to increase the Molyhil ore reserve by 50%, and extend the life of the proposed operation from 4 years to 6 years.
- Ore sorting, improved metallurgical processing and identified cost reductions could deliver a significant upgrade to the Definitive Feasibility Study for Molyhil. New work shows cost reductions to date of approximately A\$12 a tonne - some 13% of the A\$90/tonne in the 2012 DFS.
- Owner mining rather than contract mining brings potential savings of up to \$4 per tonne and purchasing rather than leasing is targeting a saving of over A\$7 per tonne.
- In the first half of its current financial year, Thor secured a Letter of Intent for an off-take agreement for around 70-75% of the annual production of scheelite concentrate from Molyhil for the current planned four year life-time of the mine. Discussions continue for the balance of concentrate production.
- Thor has prioritised the expenditure on Spring Hill and has now completed the level of investment necessary to trigger its right to increase its equity holding in the project to 80%.
- Thor continues to address its working capital requirements successfully and has sourced additional funds both before and after the half year point of its current financial year in order to progress the projects.

FYE JUNE	FY11	FY12	FY13	FY14E	FY15E
Revenue	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	-2.8	-0.7	-1.1	-0.7	-0.6
Adjusted PBT	-2.8	-0.7	-1.1	-0.8	-0.8
Adjusted EPS	-0.6	-0.1	-0.1	-0.1	-0.1
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.
EV/ Adj. EBITDA	-1.2x	-4.7x	-3.1x	-5.1x	-5.6x
P/E	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company Information and Progressive Equity Research estimates

Thor Mining Projects

Thor Mining plc currently holds three distinctly different sets of exploration and mining tenements, two in the Northern Territory and one in Western Australia.

- The Molyhil tungsten-molybdenum deposit, east of Alice Springs, has indicated resources sufficient to justify immediate development of an open-cast mine, with high potential for discovery of additional tungsten resources close to the mine and in the area to the east. It has been the subject of significant work to upgrade the prospective mine life.
- The Spring Hill gold deposit south of Darwin in NT has indicated resources to support the immediate opening of a low-cost open cast gold mine, with excellent possibilities for discovery of new near-surface resources plus extensions to significant depths. Thor has the right to increase its holding to 80% from 51%.
- Dundas is a more speculative project, but with potential for discovery of world-class gold and nickel mineralisation in an under-explored and poorly-exposed portion of a re-worked Archaean greenstone belt hosting recent very significant gold and nickel discoveries. Currently, no work is being undertaken at Dundas until funding is available.

Thor Mining Projects



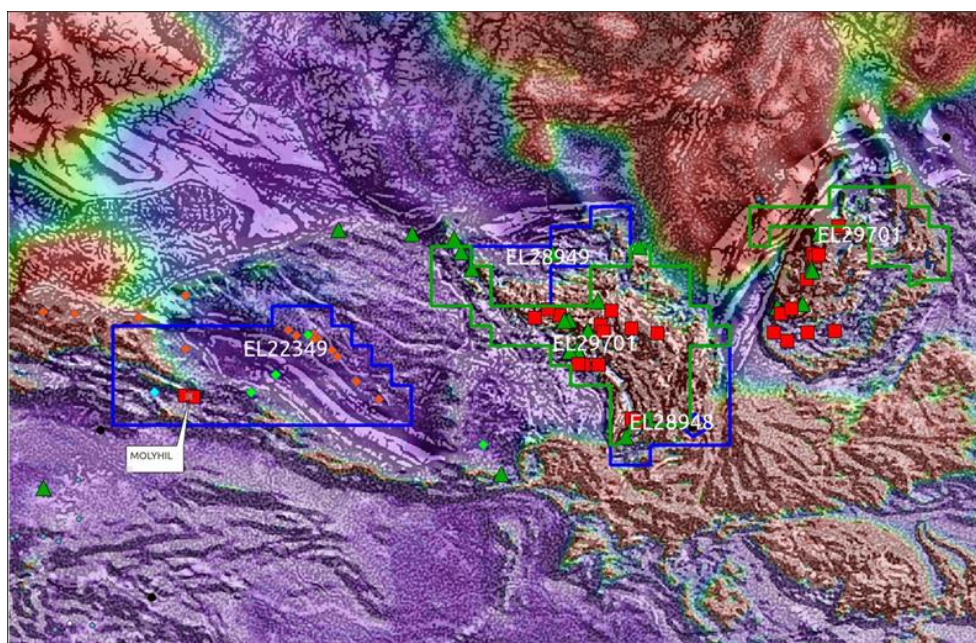
Source: *Progressive Equity Research*

Quarterly Report January to March 2014

MOLYHIL

The Molyhil tungsten-molybdenum deposit lies in an area of numerous tungsten occurrences, associated with barite, fluorite, apatite and copper, in the Proterozoic Eastern Arunta Block east of Alice Springs in the Northern Territory. Indicated and inferred resources total 4.7 million tonnes at 0.22% MoS₂ and 0.28% WO₃, of which 1.64 million tonnes at 0.13% MoS₂ and 0.42 WO₃ could be mined in a shallow (122 metres) open pit. The project is 100% owned by Thor.

Molyhil Els and mineral occurrences. Red=tungsten; green=copper; orange=barite; cyan=fluorite. Background aeromagnetics and relief



Source: *Progressive Equity Research*

Upgrading the DFS, extending the mine life

The key feature of the March 2014 Quarterly Report is the increase of the initial open pit mine life from four to six years. The 2012 Definitive Feasibility Study suggested that, based on open-pit optimisation studies, a 7% reduction in overall costs - mining, milling and infrastructure - could result in up to a 50% increase in open-pit reserves, and thus of open-pit mine life. Recent tests of ore sorting technology have indicated that 25% of waste in mined ore could be removed before milling, thus reducing milling costs and permitting the processing of lower-grade ore. This would also increase the total tungsten and molybdenum production by 8% each year, with only a small increase in capital costs. Other studies have shown that the mining costs could be reduced by 13% (circa A\$12 per tonne from the A\$90/tonne in the 2012 DFS) by owner rather than contract mining and by purchasing rather than leasing power generation and camp facilities.

The main effect of ore sorting and other cost reductions will be to lower the effective cut-off grade in the open pit. Nearly 400,000 tonnes of low grade material (effectively one year's mill-feed) which was originally to be stockpiled can now be economically processed, and refinement of open-pit design based on lower cut-off grades will provide a further year of production, extending the mine life from four to six years. With this extended mine life, the policies of owner rather than contract mining and purchase rather than leasing of plant will probably provide additional dividends.

The prospects for increasing reserves at depth by further exploration remain very good, and will be further tested once mining is in progress, as will the regional potential for additional tungsten and molybdenum deposits.

Molyhil's attributes

This table compares Thor's Molyhil with five other world-class tungsten deposits in Australia and Britain which are poised to go into production. Molyhil is in the second rank in terms of reserves, after the giant but low-grade Hemerdon and Watershed deposits. However, it has the highest grade apart from the exceptional King Island deposits, especially when the recoverable molybdenum is added. The estimated cost of production is the lowest of all the deposits, partly as a result of ore sorting and partly because of the rigorous cost-cutting reported this quarter. These factors combine to make Molyhil a prime target for anyone wishing to invest in production of this vital and stable commodity.

Tungsten project comparisons

Company	Market Cap A\$m / UK£m	Project/ Ownership	JORC Resources	Open-cut/ Underground	Planned Capacity 000s of tonnes pa	Target Production WO3 tpa	Indicative C1 costs US\$/mtu	Est Capex (Currency as stated)	Offtake	Funding
Thor Mining	A\$6.0 UK£3.0	Molyhil 100%	4.7MT 0.28%WO3 0.13% Mo 0.40% WO3 equivalent	OC: 6 years	400	1,500 WO3 + 400tpa MO	US\$100 After bi-product credit excluding royalties	A\$70m	MOU with GTP	No
King Island Scheelite	A\$16.2	Dolphin 100%	4.8MT 1.29%WO3 0.25% cut off	OC: 4 years then UG: 9 years	400	2,040 WO3 then 3,100 WO3	A\$165	<A\$50m	No – discussions ongoing	No
Ormonde Mining	UK£18.9	Barruecopardo 100%	27.4MT 0.26%WO3	OC: 9 years	1,100	2,270 WO3	US\$129	€48.5m	Noble Group (for first 5 years)	No
Tungsten Mining	A\$15.7	Kilba 100%	5.0MT 0.27%WO3 0.10% cut-off	OC: 7 years	750	1,540 WO3	A\$212	A\$56m	NO	No
Vital Metals	A\$8.0	Watershed 70% (JOGMEC has a 30% interest)	49.2MT 0.14% WO3 0.05% cut-off	OC: >10 years	3,000	3,000 WO3	n/a	A\$150m	No	No
Wolf Minerals	UK£33.0	Hemerdon 100%	401MT 0.13% WO3 0.063% cut-off	OC: 10 years	3,000	3,450 WO3	US\$109	A\$226.7m (o/w A\$170.5 remaining)	GTP + Wolfram Bergbau (5 year delivery schedule)	Yes

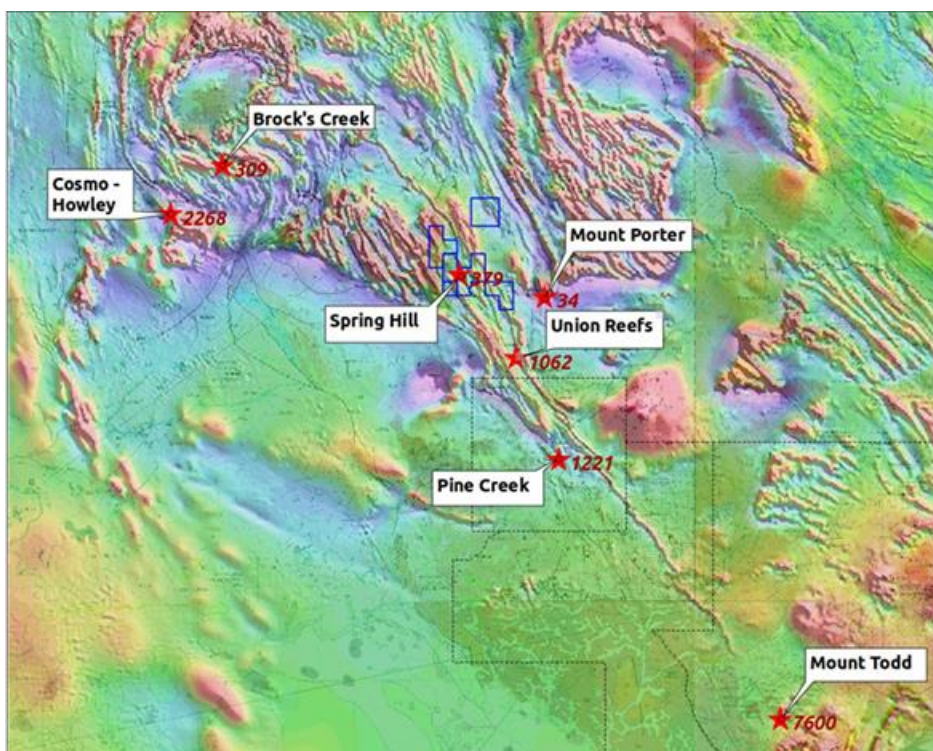
Source: Company reports, announcements and presentations

SPRING HILL

The Spring Hill deposit lies within the historic Pine Creek gold district, with recorded production and estimated reserves of gold in excess of ten million ounces. Preliminary deeper exploration by Thor has revealed significant gold intersections at depths greater than 300 metres below the Hong Kong Zone. The initial extraction plan for Spring Hill is to mine 900,000 tonnes of shallow oxide ore from an open pit, and to transport this to the Crocodile Gold processing plant at Union Reefs for gold extraction.

Screen fire assays of samples from drilling in the past two years have shown that earlier assays significantly underestimated the gold content, and that the actual gold grades at Spring Hill could be as much as 20% higher than originally thought. Tests on gravity separation and continuous vat leaching show that gold recoveries of 98.3% can be achieved.

Spring Hill: Gold Deposits in the Pine Creek area. Gold resources (mined and calculated) in red (figure for Spring Hill subject to review). Background geology and magnetics.



Source: Progressive Equity Research

Equity rights

Thor Mining holds equity rights to 80% of the Spring Hill resource, including its current 51% project ownership. Sufficient exploration expenditure has now been incurred at Spring Hill to complete the equity increase to 80%. Thor can exercise its right to increase its 51% equity interest in the Spring Hill project to 80% (subject to Northern Territory government consent) through the issue to Western Desert Resources of 10 million plus shares to the value of A\$500,000.

DUNDAS

No work was done in these tenements during the quarter. Thor Mining's Dundas ELs (EL6300872, EL6301102) lie at the southern end of the highly prospective Albany-Fraser belt, whose mineral potential has only recently been realised. This belt hosts the 10 million ounce Tropicana deposit plus at least seven other very promising gold prospects. The Quarterly Report notes that the mooted aircore drilling program remains contingent upon available funds.

FINANCIAL FORECASTS

Year ended June	FY-11	FY-12	FY-13	FY-14	FY-15
	£m	£m	£m	£m	£m
Profit & Loss	Act	Act	Act	Est	Est
Revenue	0.0	0.0	0.0	0.0	0.0
Adj EBITDA	(2.8)	(0.7)	(1.1)	(0.7)	(0.6)
Adj EBIT	(2.8)	(0.7)	(1.1)	(0.7)	(0.6)
Reported PBT	(2.8)	(1.0)	(1.1)	(0.8)	(0.8)
PBT before exceptionals and AAG	(2.8)	(0.7)	(1.1)	(0.8)	(0.8)
Fully adj PBT	(2.8)	(0.7)	(1.1)	(0.8)	(0.8)
NOPAT £	(2.8)	(1.0)	(0.8)	(0.5)	(0.5)
Reported EPS (p)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)
EPS before exceptionals and AAG (p)	(0.6)	(0.1)	(0.1)	(0.0)	(0.0)
Fully adj EPS (p)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0
Cash flow & Balance sheet					
Operating cash flow	(0.9)	(0.7)	(0.8)	(0.8)	(0.6)
Free Cash flow £m	(1.5)	(3.2)	(2.4)	(2.1)	(1.9)
FCF per share p	(0.3)	(0.5)	(0.3)	(0.2)	(0.1)
Acquisitions	0.0	0.0	0.0	0.0	0.0
Net cash flow	1.4	(1.1)	(1.0)	(1.2)	(1.9)
Shares issued	2.9	2.1	1.4	0.9	0.0
Overdrafts / borrowings	(0.0)	(0.0)	(0.6)	(1.8)	(3.7)
Net (Debt)/Cash	1.6	0.5	(0.4)	(1.6)	(3.6)
Metrics	FY-11	FY-12	FY-13	FY-14	FY-15
Adj EBIT growth		-73.8%	51.8%	-37.8%	-8.8%
Adj PBT growth		-74.5%	57.2%	-33.3%	2.2%
Adj EPS growth		-82.7%	14.2%	-53.3%	-3.6%
Valuation	FY-11	FY-12	FY-13	FY-14	FY-15
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBITDA	(1.2)	(4.7)	(3.1)	(5.1)	(5.6)
EV/NOPAT	(1.2)	(3.4)	(4.1)	(6.6)	(7.3)
PER	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	-187.6%	-274.0%	-148.6%	-91.0%	-79.7%

Source: Progressive Equity Research

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