



Thor Mining PLC - THR QUARTERLY REPORT APRIL TO JUNE 2018  
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**THOR MINING PLC**  
**("THOR" OR THE "COMPANY")**  
**QUARTERLY REPORT APRIL TO JUNE 2018**

**Highlights**

**Outlook for September Quarter 2018**

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**TUNGSTEN & MULTI COMMODITIES**

**Molyhil, NT Australia**

- Execution of acquisition agreement for **Bonya project** hosting multiple outcropping tungsten deposits adjacent Molyhil.
  - Definitive Feasibility Study upgrade activity
  - Continued strength in global tungsten and molybdenum pricing.
- Complete Bonya acquisition & schedule initial drilling program.
  - Completion of upgraded DFS.

**Pilot Mountain, Nevada USA**

- Internal scoping study to determine high level operating parameters.
- Evaluation of scoping study outcomes.
- Stage 2 of metallurgical testwork.

**COPPER**

**Kapunda, SA Australia**

- Announcement of Australian Commonwealth Government CRCP research grant of A\$2.85million.
- Leach testing on historical core samples.
- Preparation for field pump testing.

**INVESTMENTS**

USA Lithium to be acquired by ASX listed Hawkstone Mining Limited in restructured agreement, valuing the Thor holding at approximately A\$500,000.

**CORPORATE & FINANCE**

Cash position remains sound with forecast activities fully financed well into 2019.

**Commenting, Mr Mick Billing, Executive Chairman of Thor Mining, said:**

"Progress on all fronts while our cash position remains robust. It is very pleasing to report that we have sufficient funds to carry out all planned activities well into 2019."

"In particular the recent announcement of the Australian government research grant is a tremendous endorsement of the approach taken by Thor and ECR in this exciting project"

"While we have experienced some delays in completing the Molyhil DFS upgrade, and also the Pilot Mountain scoping study, these tasks are nearing completion."

"The upgraded DFS for Molyhil, is incorporating some revisions to the process flowsheet, aimed at delivering efficiencies which are expected to be quantified very soon."

"The Pilot Mountain scoping study has advanced with positive indications for potential medium term open pit mining at the Desert Scheelite deposit."

"We will continue to provide investors with regular updates in respect of activities and progress."

## TUNGSTEN PROJECTS

### Tungsten and Molybdenum Price Trends

At the date of this report, the price of tungsten, per mtu of APT (Ammonium Para Tungstate) was US\$335.00/mtu, while the molybdenum price has held its strengthened position at around US\$12.00/lb.

Industry discussion suggests that these stronger pricing levels for both commodities are likely to continue for some time, with some forecasters predicting APT tungsten prices in excess of US\$400/mtu. In addition, suggestions for molybdenum are for supply constraints for several years.

### MOLYHIL TUNGSTEN PROJECT - NT (100% Thor)

In January 2015, Thor announced an updated feasibility study for its wholly-owned Molyhil tungsten project, demonstrating a robust project NPV of A\$67million (approximately £39million).

A full background on the project is available on the Thor Mining website;

[www.thormining.com/projects](http://www.thormining.com/projects).

Earlier in the year (8 January 2018) Thor announced an upgraded Statement of Open Pit Ore Reserve.

This new ore reserve increases the open pit mine life by 1 year to 7 years, with increases in metal content of 10% for tungsten and 19% for molybdenum.

The study also identified portions of the Indicated and Inferred resource estimate, remaining outside the revised pit shell, which appear economic for mechanised underground mining techniques.

Table A:

#### Molyhil Open Cut Ore Reserve Statement (announced 8 January 2018)

Classification	Reserve	WO <sub>3</sub>	Mo		
	'000 Tonnes	Grade %	Tonnes	Grade %	Tonnes
Probable	3,500	0.29	10,200	0.12	4,300
Total	3,500	0.29	10,200	0.12	4,300

- Thor Mining PLC holds 100% equity interest in this reserve.
- The Company is not aware of any changes which could affect this reserve statement.

Studies to prepare an upgrade to the DFS are nearing completion with most cost estimates now in hand. A re-evaluation of the metallurgical process flow stream has resulted in resizing of some equipment in the flotation area, a reduction of some cells in the molybdenum flotation process, partially offset by additional cells downstream. We expect some cost savings from this work which is also near completion

## Bonya

Earlier in the year (28 March 2018) the Company also announced the conditional acquisition of an interest in a licence area containing 13 known outcropping tungsten deposits and one copper deposit close to Molyhil. Documents have been submitted to secure ministerial consent for title transfer which is expected shortly. An initial drilling program is an important next step is assessing these deposits, and regulatory and traditional owner heritage clearance work to this end is scheduled.

### PILOT MOUNTAIN TUNGSTEN PROJECT - NEVADA USA (100% Thor)

Thor's Pilot Mountain Project, acquired in 2014, is located approximately 200 kilometres south of the city of Reno and 20 kilometres east of the town of Mina, located on US Highway 95.

The Pilot Mountain Project is comprised of four tungsten deposits: Desert Scheelite, Gunmetal, Garnet and Good Hope. All of these deposits are in close proximity (~three kilometres) to each other and have been subjected to small-scale mining activities at various times during the 20th century.

In December 2014, Thor outlined a proposed exploration and development plan with the objective of upgrading the knowledge and status of the mineralisation of these deposits where historical drilling outlined potentially economic mineralisation.

A full background on the project is available on the Thor Mining website;

[www.thormining.com/projects](http://www.thormining.com/projects).

The directors believe Pilot Mountain resource is substantial on a global scale, and has potential for significant growth, in particular from the discovery in the August 2017 drilling program of an additional parallel zone of scheelite mineralisation at the Desert Scheelite deposit (Figure 6.).

In addition, the directors believe that the Desert Scheelite resource, which outcrops at surface at the western end for more than 400 metres, has potential to develop into a long term open pit mining operation which would make it one of the higher grade open pit tungsten operations in the western world.

The significant tungsten resource is strategically located in the USA and has been confirmed by the US Department of the Interior as a critical mineral in 2018

**Table B: Pilot Mountain Resource Summary (Announced 22 May 2017)**

Resource		WO <sub>3</sub>		Ag		Cu	
Classification	MT	Grade %	Contained metal (t)	Grade g/t	Contained metal (t)	Grade %	Contained metal (t)
<b>Garnet</b>	<b>Indicated</b>	-	-				
	<b>Inferred</b>	1.83	6,590	0.36	6,590		
	<b>Sub Total</b>	<b>1.83</b>	<b>6,590</b>	<b>0.36</b>	<b>6,590</b>		
<b>Desert Scheelite</b>	<b>Indicated</b>	8.41	22,700	0.27	22,700	21.3	179
	<b>Inferred</b>	1.49	3,430	0.23	3,430	9.07	13
	<b>Sub Total</b>	<b>9.90</b>	<b>26,130</b>	<b>0.26</b>	<b>26,130</b>	<b>19.39</b>	<b>192</b>
<b>Summary</b>	<b>Indicated</b>	8.41	22,690	0.27	22,690		
	<b>Inferred</b>	3.32	10,020	0.30	10,020		
	<b>Pilot Mountain Total</b>	<b>11.73</b>	<b>32,720</b>	<b>0.28</b>	<b>32,720</b>		

Note:

- 100% owned by Thor Mining Plc
- The Company is not aware of any changes which could affect this resource estimate

A scoping study was commissioned in late 2017, to provide a high level economic assessment, along with initial parameters associated with project site layout options for environmental and other permitting.

Feedback from the consultants to date suggests that an open pit mining operation with a medium term life at the Desert Scheelite deposit offers the best opportunity to commence production at Pilot Mountain, and this has become the focus for the scoping work.

Mining cost estimates sourced from US based mining contractors are well below initial estimates from our consultants, and this may impact subsequent studies on other

deposits at Pilot Mountain, however at this stage they appear to underpin projections for a medium term mining operation.

We will provide further updates on this work at the earliest opportunity.

Additionally, while previous metallurgical testwork has demonstrated the production of saleable concentrates, further testwork is required to advance this to pre-feasibility study standard, and this next stage of metallurgical testwork has recently been initiated.

During the quarter also, meetings were held in Nevada, aimed at progressing economic evaluation, and environmental and regulatory studies.

#### **KAPUNDA COPPER PROJECT - SA (Thor earning 45%)**

On 1<sup>st</sup> August 2017 Thor announced an investment in a newly incorporated private Australian company, Environmental Copper Recovery SA Pty Ltd. ("ECR"), initially via convertible loan notes of up to A\$1.8 million, which will be used to fund field test work and feasibility activities at Kapunda over the next 3 years. In turn ECR has entered into an agreement to earn, in two stages, up to 75% of the rights over metals which may be recovered via in-situ recovery ("ISR") contained in the Kapunda deposit from Australian listed company, Terramin Australia Limited ("Terramin" ASX: "TZN").

Earlier in the year (12 February 2018) Thor announced an Inferred Resource Estimate containing 119,000 tonnes of contained copper considered amenable to Insitu Recovery techniques. The grade of the resource, at 0.25%Cu, is considered typical for copper Insitu Recovery operations.

Table C: Kapunda Copper Resource Estimate (Announced 12 February 2018)

	Resource		Copper	
	Classification	MT	Grade %	Contained Cu (t)
<b>Copper Oxide</b>	<b>Inferred</b>	30.3	0.24	73,000
<b>Secondary copper sulphide</b>	<b>Inferred</b>	17.1	0.27	46,000
	<b>Sub Total</b>	<b>47.4</b>	<b>0.25</b>	<b>119,000</b>

Notes:

- ECR are earning a 75% interest in this resource, & Thor have investment rights for up to 60% of ECR.
- The Company is not aware of any changes which could affect this resource estimate.

Other near-term activities at Kapunda include continued community liaison in respect of project activities, testwork on historical drill core to determine the optimum extraction agent (lixiviant) most suited to the Kapunda deposit and establishing appropriate parameters for future field trials.

A first stage extraction test on historical core using glycine, a food additive, has been undertaken and outcomes showing copper, and potentially other potentially valuable metals recovered, and recovery rates, are expected shortly. Testwork trialling other potential lixivants is also proceeding.

On 30 July 2018, the Australian Government Ministry for Science, Jobs and Innovation announced an offer to ECR for research funding of A\$2,851,303, over a 30 month period, for the Kapunda In-Situ Copper and Gold Recovery Trial. This funding is expected to significantly advance the Kapunda project feasibility work, while minimising the ongoing funding requirement for Thor, other than for the A\$1.8 million required to earn the equity in ECR.

#### **SPRING HILL GOLD PROJECT - NT (ROYALTY ENTITLEMENT)**

In February 2017 Thor completed the A\$3.5 million sale of its Spring Hill Gold project<sup>1</sup>. The sale transaction carries an ongoing residual royalty of:

- A\$6 per ounce of gold produced from the Spring Hill tenements where the gold produced is sold for up to A\$1,500 per ounce; and
- A\$14 per ounce of gold produced from the Spring Hill tenements where the gold produced is sold for amounts over A\$1,500 per ounce.

During the first half of the financial year, Thor received royalties from Spring Hill production totalling A\$8,124. No royalties were received during the quarter.

<sup>1</sup>Refer ASX and AIM announcement of 29 February 2016

## OTHER OPPORTUNITIES

On 14 June 2017, the Company announced the acquisition of a 25% interest in US Lithium Pty Ltd ("USL"), along with an option to acquire the remaining 75% of USL, subject to satisfactory completion of project due diligence. Whilst Thor elected not to exercise the option, it continues to hold an interest in this company, subsequently renamed USA Lithium.

On 29<sup>th</sup> March 2018, the Company advised that USA Lithium had accepted a conditional offer for 100% of its issued capital from ASX listed Hawkstone Mining Limited (ASX: HWK). These terms were subsequently revised with the details announced by Thor on 27 June 2017.

We have been advised that a general meeting of shareholders of Hawkstone is scheduled for 3 August 2018 to approve this agreement.

If the acquisition proceeds, Thor will be issued 15,625,000 shares in Hawkstone in 2 equal tranches of 7,812,500 shares, with the 2<sup>nd</sup> tranche conditional on;

- a. Buyer within 36 months from completion, declaring an inferred resource at the Big Sandy Lithium Project of not less than 30 million tonnes at a grade greater than 2,000ppm Lithium (Li) (or equivalent, subject to a minimum average grade of 1,000ppm Li); and
- b. ASX granting a waiver from Listing Rule 7.3.2 for the issue of the Deferred shares. Hawkstone announced on 20 July 2018 that this waiver had been granted.

Hawkstone advised ASX on 25<sup>th</sup> July 2018 of the commencement of a maiden drilling program at the Big Sandy lithium project in Arizona.

At the date of writing, Hawkstone shares traded at A\$0.033.

## CORPORATE & FINANCE

Shortly after the end of the quarter Paul Johnson, non-executive director, resigned from the board of Thor. The contribution by Paul during his period as a director was significant and the Company is in a much stronger position at the end of his tenure than at the commencement.

At the end of the quarter, cash reserves stood at just under A\$2.5million, with expenditure forecasts for all activities funded until well into 2019.

### ***Competent Person's Report***

The information in this report that relates to exploration results, and exploration targets, is based on information compiled by Richard Bradey, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Bradey is an employee of Thor Mining PLC. He has sufficient experience which is 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'. Richard Bradey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Updates on the Company's activities are regularly posted on Thor's website [www.thormining.com](http://www.thormining.com), which includes a facility to register to receive these updates by email, and on the Company's twitter page @ThorMining.

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