



Thor Mining PLC - THR Upgraded Definitive Feasibility Study - Molyhil
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THOR MINING PLC

UPGRADED FEASIBILITY STUDY - MOLYHIL

Further to its announcement of 21 August 2018, the Board of Thor Mining Plc ("Thor" or the "Company") (AIM, ASX: THR) is pleased to announce results of an upgraded Definitive Feasibility Study (DFS) for the Molyhil tungsten and molybdenum project in the Northern Territory of Australia.

The study outcomes show materially enhanced financial returns and early payback of capital as a result of process improvements and longer operating life at the Molyhil open pit, with significant further upside potential from subsequent underground mining at Molyhil and from the nearby Bonya tungsten deposits.

Study Highlights

- Total project revenue of in excess of A\$500million over the current seven year life of mine.
- EBITDA of A\$239 million with project payback period of less than 18 months after payment of royalties and taxation.
- All equity Net Present Value (NPV) of A\$101 million at a discount rate of 5% with an Internal Rate of Return (IRR) of 59%, both after payment of taxation and royalties.
- Project finance requirement of US\$43 million.
- Seven year mine life with first production targeted for early 2020, utilising simple open cut mining operation and conventional mineral processing techniques.
- Substantial upside potential from subsequent underground mining at Molyhil and from the nearby Bonya tungsten deposits.

Mick Billing, Executive Chairman of Thor Mining, commented:

"I am delighted to release the results of the Definitive Feasibility Study update that shows a Net Present Value exceeding A\$100 million and demonstrates the substantial value this project holds for the Company and its shareholders."

"Of particular note, the sole focus of this study is on the open pit operation outlined in the ore reserve, and does not account for what the board believe will be significant additional mine life generated from the potential underground mining operation and the additional ore potential from the nearby Bonya deposits, as previously announced."

"The Company now has an updated and upgraded Definitive Feasibility Study, incorporating the work over recent years at Molyhil with which it can continue to engage with third parties who have expressed a specific interest in the project."

"Molyhil is 100% owned by Thor Mining and is construction ready subject to submission of an acceptable Mining Management Plan and finalisation of project level mine construction financing. Upon finalisation of project level financing, (which the Company hopes to conclude in the next few months), the construction phase for Molyhil is estimated at 12 months."

Molyhil Definitive Feasibility Study

Following the publication in January 2018 of an updated Open Cut Ore Reserve Statement for Molyhil, Thor has completed the necessary mining and production schedules and capital and operating cost estimates, and incorporated these results into the feasibility model, along with previously published parameters (refer attachment "A"), to produce an optimised and positive feasibility study outcome with a mining and processing operation over a seven year life.

A full copy of the DFS shall be available on the Thor Mining website within one week of this announcement.

The results of the study show:

- EBITDA returns totalling A\$239 million along with post tax project payback period inside 18 months from first production, accelerated by very high tungsten grades in the first 2 years of open cut mining (Figure 1).
- All equity Net Present Value (NPV) of A\$101 million at a discount rate of 5% (A\$77million @ 10%) after tax and royalty payments.
- All equity Internal Rate of Return (IRR) of 59% after tax and royalty payments.
- Production cost of US\$90/mtu concentrate (after deduction of molybdenum bi-product credits), ensuring Molyhil will be a very low cost tungsten producer.
- Mine life of seven years, derived from the updated open cut ore reserve statement published in January 2018.
- A project finance requirement of US\$43million comprising total capital expense of A\$69 million (US\$52 million), offset by approximately A\$11 million for mining and power generation equipment and camp facilities, which are suitable for capital finance. Discussions with providers of this style of finance are at an early stage.

A link to Figure 1., a graphical display of revenue and expenditure is shown below:
<http://thormining.com/-/thor/lib/images/miscellaneous/201808revexp.png>

The feasibility study has been prepared by Thor Mining PLC using data and information supplied by third party consultants and suppliers for key components, including:

Resource Estimates	RPM Global
Open Cut Ore Reserve Statement	AVCS Pty Ltd
Mine Planning	AVCS Pty Ltd
Capital Costs	Rosetta Stone Ops
Operating Parameters & Costs	Various Suppliers, Thor
Metallurgical Processes & Outcomes	KYSPY Investments Pty Ltd
Environmental Studies	Keith Lindbeck & Associates
Economic Model	Mazars Global Infrastructure Finance (Australia) Pty Ltd

The feasibility study uses the results and new input parameters generated by these additional and comprehensive workstream conducted over the last 6 months.

While most of the consultants involved can be considered as independent, a portion of the Report, including the economic analysis has been authored by the Company. The work as a whole is not considered independent.

Table A: Key Production Metrics

	Total	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8
Mining									
Ore Mined '000t	3,543	488	499	315	982	566	692	-	-

Mining

Mining is planned using conventional open cut mining methods; contract drill & blast, followed by owner operated excavation and haulage.

An average pit slope of 48° currently provides for a waste to ore ratio of 7.6:1. There may be an opportunity to improve this ratio during operations and via targeted geo-technical drilling. Additionally, prior to the third (final) pit cutback, the Company will assess the potential to bring forward the timing of underground mining, to reduce significantly the amount of waste removed (approximately 55% of total waste compared with 38% of payable ore), also reducing the footprint of the waste storage dump.

The Mineral Resource estimate extends below the level of the open cut ore reserve used in this study, with portion of that estimate identified as potentially economic for subsequent underground mining. If feasible, this would extend the operational life further, with studies for this purpose to be conducted during the open cut phase.

Processing

Mineral processing involves:

- Two stage crushing to -55mm:
- X-Ray (XRT) ore sorting at two sizes, initially set at -55mm to +25mm, and -25mm to +10mm
- Tertiary crushing
- Two stage grinding using a rod mill, followed by a ball mill
- Four stage flotation circuit
 - » Molybdenum flotation, to recover saleable molybdenum
 - » Sulphide flotation, to remove minerals which would otherwise interfere with scheelite flotation,
 - » Calcite flotation, to remove minerals which would otherwise interfere with scheelite flotation
 - » Scheelite flotation, to recover 85% of this tungsten bearing mineral
- Magnetic separation as a final dressing stage for the scheelite concentrate.

Project Infrastructure

Molyhil is located 220 kilometres north-east of Alice Springs in Australia's Northern Territory. Access is via the Plenty Highway a partially sealed road off the Stuart Highway which connects Alice Springs and Darwin.

The project will operate as a fly-in fly-out operation with provision for camp and electricity generation facilities provided in the cost estimates.

The project has ample water from underground aquifers nearby.

Project Permitting

The Company has received environmental approval to proceed with the development from the Northern Territory EPA, and has agreement with traditional owners for the development. The final permitting requirement is for the Mining Management Plan which is to be submitted along with the bond for mine closure costs upon receipt of project finance approval.

Next steps

The next steps for the Molyhil project involve securing the balance of concentrate sales (off-take) agreements and finance for the project development, after which it is planned to commence detailed engineering studies, along with completion of the Mine Management Plan and onsite civil works in preparation for mine and process plant construction and development.

Table C. Molyhil Key Features

Project NPV (@5%)post tax & royalties	A\$101 million	All Equity Case
Project IRR post tax & royalties	59%	All Equity Case
Project finance requirement	US\$43million	
Project Capex	A\$69 million	
Break even tungsten price	US\$230/mtu	
Life of Mine C1 Cash Cost	US\$90/mtu	

Life of Mine EBITDA	A\$239 million	
Payback from 1 st production	< 18 months	
Project Life	7 years	
Average feed grade	0.29% WO ₃	0.48% WO ₃ after ore sorting
	0.12% Mo	0.20% Mo after ore sorting
Operating throughput		
Crushing & Sorting	531,000 tpa	
Milling/Flotation etc	324,000 tpa	After ore sorting
Annual Production Average	125,000 mtu *	Approximately 1.2% of global market
		* 1mtu = 10Kg of contained WO ₃

Project sensitivities

The financial outcomes for Molyhil fluctuate with various input sensitivities, as follows:

		NPV A\$M	IRR %
Base Case		A\$100.8	58.9%
Revenue	+10%	A\$122.2	71.3%
	-10%	A\$79.3	46.7%
Scheelite Recovery	75%	A\$79.1	46.7%
Operating Costs	-10%	A\$110.4	63.4%
	+10%	A\$91.29	54.4%
Discount Rate variation	8%	A\$86.0	58.9%
	10%	A\$77.4	58.9%

Competent Persons Statement

The information in the feasibility study reported that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by various consulting practitioners referred to earlier in this report. This report has been reviewed by Richard Bradey who has found it to be based on and fairly reflects the information and supporting documentation prepared by the practitioners.

Richard Bradey is a Member of The Australasian Institute of Mining and Metallurgy and is a permanent employee of Thor Mining PLC. Richard Bradey has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. 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.

The Company confirms it is not aware of any new information or data that materially affects the information included in the 30 January 2014 Molyhil Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on 30 January 2014.

The Company confirms it is not aware of any new information or data that materially affects the information included in the 8 January 2018 Molyhil Open Cut Ore Reserve Estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on 8 January 2018.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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

Attachment A: Molyhil Feasibility Study Input Parameters

- Mineral Resource estimate of 4.7 million tonnes averaging 0.28% WO₃ & 0.13% Mo in Indicated and Inferred categories
- Open Cut Ore Reserve for the Molyhil deposit of 3.5 million tonnes averaging 0.29% WO₃ & 0.12% Mo categorised as Probable
- Revenue factors:
 - Revenue / mtu scheelite concentrate = US\$345/mtu after concentrate discount
 - Revenue / pound molybdenum concentrate = US\$11:00/lb
 - Exchange Rate A\$1.00 = US\$0.74 over life of mine

APT Tungsten Price Forecast	2019	2020	2021	2022	2023	2024+
US\$/mtu	366	391	415	440	466	403

- Metallurgical recovery (post ore sorting)
 - Tungsten = 85%
 - Molybdenum = 77.8%
- Capital cost = A\$70 million
- Operating Factors
 - Mining waste to ore ratio = 7.6 : 1
 - Mining costs = A\$20.87 / tonne ore crushed
 - Crushing & Sorting Costs = A\$3.46 / tonne ore crushed
 - Processing & admin costs = A\$56 / tonne ore milled
 - Ore Sort reject = 39% of ore crushed

The Molyhil Mineral Resource is summarised in Table 2 Below:

Table 2: Summary of Molyhil Mineral Resource Estimate: (Reported on 30 January 2014)

Classification	Resource Tonnes	WO ₃		Mo		Fe
		Grade %	Tonnes	Grade %	Tonnes	Grade %
Indicated	3,820,000	0.29	10,900	0.13	4,970	18.8
Inferred	890,000	0.25	2,200	0.14	1,250	15.2
Total	4,710,000	0.28	13,100	0.13	6,220	18.1

Notes

- Thor Mining PLC holds 100% equity interest in this reserve.
- Mineral Resource reported at 0.1% combined Mo + WO₃ Cut-off and above 200mRL only.
- The Company is not aware of any information or data which would materially affect this previously announced resource estimate, and all assumptions and technical parameters relevant to the estimate remain unchanged.

- The Indicated Mineral Resources are **inclusive** of those Mineral Resources modified to produce the Ore Reserves.

The Molyhil Open Cut Ore Reserve Statement is summarised in Table 3 below

Table 3: Molyhil Open Cut Ore Reserve Statement (Reported on 8 January 2018)

Classification	Reserve '000 Tonnes	WO ₃		Mo	
		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

Notes:

- Thor Mining PLC holds 100% equity interest in this reserve.
- The Company is not aware of any information or data which would materially affect this previously announced reserve statement, and all assumptions and technical parameters relevant to the estimate remain unchanged.
- All estimates are on a dry tonne basis.
- The reserve estimate extends to a maximum depth below surface of 185 metres.
- The Ore Reserve estimate does include minor quantities of Inferred Resources and unclassified mineralisation that have resulted from the formation of an SMU and/or inclusion of edge dilution across the Indicated Resource block boundary. This additional material is ~ 4% of the estimated reserve mass and but makes no contribution to the recovered WO₃ and Mo.

About Thor Mining PLC

Thor Mining PLC (AIM, ASX: THR) is a resources company quoted on the AIM Market of the London Stock Exchange and on ASX in Australia.

Thor holds 100% of the advanced Molyhil tungsten project in the Northern Territory of Australia, for which an updated feasibility study in 2015¹ suggested attractive returns.

Thor also holds 100% of the Pilot Mountain tungsten project in Nevada USA which has a JORC 2012 Indicated and Inferred Resources Estimate² on 2 of the 4 known deposits. The US Department of the Interior has confirmed that tungsten, the primary resource mineral at Pilot Mountain, has been included in the final list of Critical Minerals 2018.

Thor is also acquiring up to a 60% interest Australian copper development company Environmental Copper Recovery SA Pty Ltd, which in turn holds rights to earn up to a 75% interest in the mineral rights and claims over the resource³ on the portion of the historic Kapunda copper mine in South Australia recoverable by way of in situ recovery.

Thor has a material interest in USA Lithium Pty Limited, an Australian private company with a 100% Interest in a Lithium project in Nevada, USA.

Finally, Thor also holds a production royalty entitlement from the Spring Hill Gold project⁴ 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.*

Notes

- ¹ Refer ASX and AIM announcement of 12 January 2015
- ² Refer AIM announcement of 22 May 2017 and ASX announcement of 23 May 2017
- ³ Refer AIM and ASX announcements of 12 February 2018
- ⁴ Refer AIM announcements of 26 February 2016 and ASX announcement of 29 February 2016.

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