ASX Code: "THR"

2 July 2012

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MOLYHIL PROJECT (NT)

DEFINITIVE FEASIBILITY STUDY CONFIRMS FINANCIAL RETURNS AND EARLY CAPITAL PAYBACK POTENTIAL

The Board of Thor Mining Plc ("Thor") (AIM, ASX: THR), is pleased to advise that following completion of the Definitive Feasibility Study (DFS) for the Molyhil tungsten and molybdenum project in Australia's Northern Territory ("Molyhil"), it is confirmed that Molyhil will deliver attractive financial returns as well as the early payback of the capital required for its development.

Highlights

- EBIT returns provide for 21 month payback period
- All equity Net Present Value (NPV) of A$28 million with an Internal Rate of Return (IRR) of 24%, after tax.
- Production cost of A$125/mtu concentrate compared with revenue of A$354/mtu.
- DFS outcomes calculated on 4 year ore reserve
- Substantial upside potential identified on optimisation of pit design parameters to extend mine life.

Next steps

- Negotiate concentrate sales and finance agreements
- Detailed engineering studies.

Figure 1: Thor Mining PLC project locations

THOR MINING PLC

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Key Projects:

- Molyhil (NT)
  Tungsten, Molybdenum
- Dundas (WA)
  Gold
- Spring Hill (NT)
  Gold

2 July 2012

Molyhil Definitive Feasibility Study (DFS)

Following the publication in May 2012 of an updated open cut ore reserve statement, Thor has completed the necessary mining and production schedules and incorporated the results into a feasibility model, along with previously published parameters (refer attachment "A"), to produce an attractive feasibility study outcome.

The results of the study show:

- EBIT returns provide for 21 month payback period
- All equity Net Present Value (NPV) of A$28 million at a discount rate of 8% (A$23million @ 10% or A$36 million @ 5%) after tax.
- All equity Internal Rate of Return (IRR) of 24% after tax.
- Production cost of A$125/mtu concentrate (after deduction of molybdenum bi-product credits) compared with revenue of A$354/mtu.
- Mine life of 4 years, derived from the updated open cut ore reserve statement published on 30th May 2012.
- Capital expense of A$70 million.
- Before tax surplus cash of A$62 million after recovering the original investment.

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

- Resource estimates and open cut ore reserve statement;
- Mine planning;
- Capital and operating costs;
- Metallurgical processes and outcomes;
- Commodity prices and exchange rates;
- Environmental studies

Next steps

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

The longer term future for Molyhil

The Molyhil mining plan is derived from the open cut ore reserve statement, and therefore the life of the proposed operation in the DFS is of the order of 4 years. Pit optimisation studies by Runge, however, reveal that a relatively modest 7% improvement in economic factors has the potential to increase the reserve and mining life by over 50%. By contrast a 20% deterioration in economic factors shows a modest 13% reduction in mining life and reserve.

The potential beyond the current estimated life may include:

- Extending the open cut operation and/or underground mining to extract more of the 65% of the resource, laterally and at depth, which is not included in the ore reserve.
- Potential production exploration targets, including some recently identified within several kilometres of Molyhil (Figure. 2)
- Potential from an also recently identified, large magnetic target below the known Molyhil resource (Figure. 3) which, if it contains substantial economic mineralisation, could sustain a longer term underground mining operation.

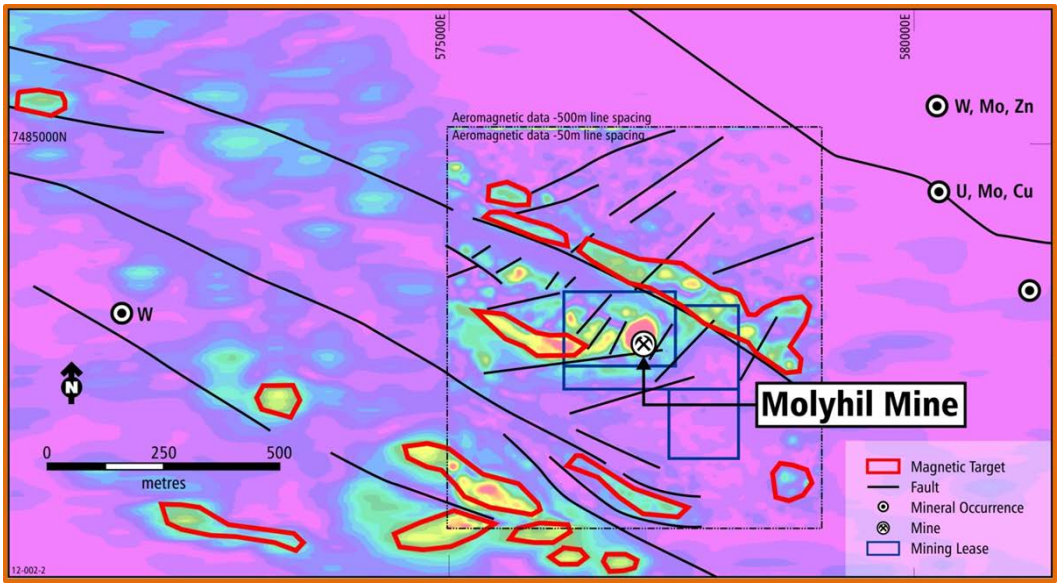

Figure 2: Tungsten prospects (magnetic anomalies) adjacent Molyhil

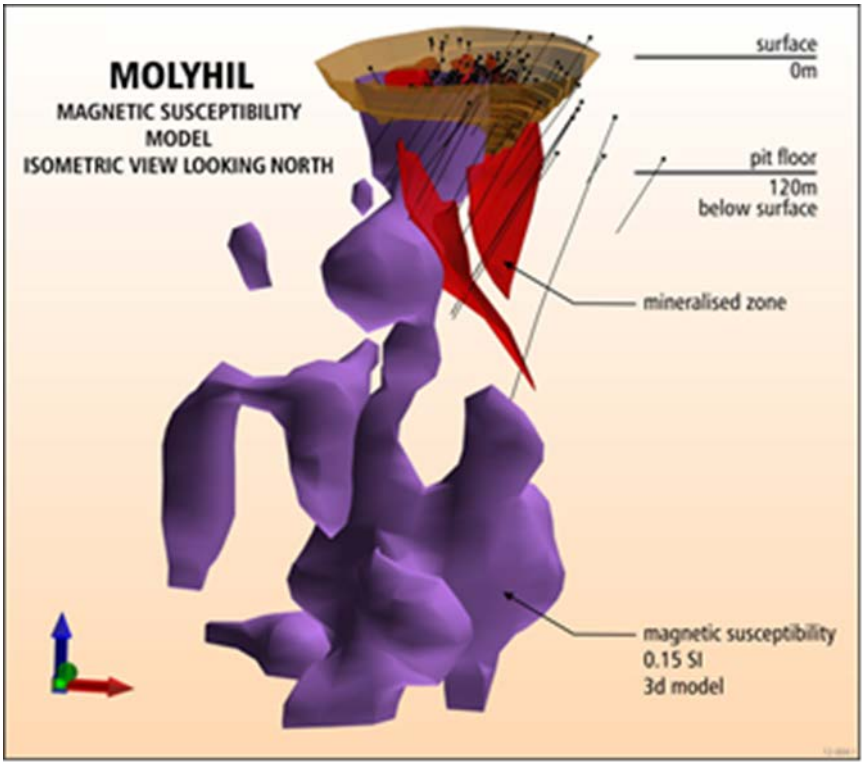

Figure 3: Modelled magnetic target beneath Molyhil resource

Commenting, Mick Billing, Executive Chairman of Thor Mining said, "We are now approaching the development phase for Molyhil and pleased that the DFS has so clearly defined the economic viability as well as the opportunity for an early payback on the capital required for its development. At the same time, we have identified ways to improve the mining life of Molyhil significantly and identified a large magnetic target below the known Molyhil resource and believe this may sustain a much longer term mining operation"

2 July 2012

For further information, please contact:

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Competent Person statement –

The information in this report that relates to exploration results is based on information compiled by Richard Bradey, who holds a BSc in applied geology and an MSc in natural resource management and 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 2004 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.

*The information in this report that relates to the Molyhil Mineral Resource is based on information compiled by **Mr Craig Allison**, who is a Member of The Australasian Institute of Mining and Metallurgy and **Mr Trevor Stevenson** who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy, a member of the Mineral Industries Consultants Association and is a full-time employee of Runge Limited. Mr Stevenson 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stevenson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The Ore Reserves estimate in the Statement was based on information compiled and reviewed jointly by **Mr Alan Dickson** and **Mr Andrew Newell**. Alan Dickson is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy, a member of the Mineral Industries Consultants Association and is an associate of Runge. Alan Dickson, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify him as a **Competent Person** as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Andrew Newell is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy, a member of the Mineral Industries Consultants Association and is an associate employee of Runge. Andrew Newell, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify him as a **Competent Person** as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*

Attachment A: Molyhil Definitive Feasibility Study (DFS) Input Parameters

1. Mineral Resource estimate of 4.7 million tonnes averaging 0.28% WO_3 & 0.22% MoS_2 in Indicated and Inferred categories
2. Open Cut Ore Reserve for the Molyhil deposit of 1.64 million tonnes averaging 0.42% WO_3 & 0.13% Mo (0.22% MoS_2) categorised as Probable
3. Revenue factors:
   - Revenue / mtu scheelite concentrate = US$354/mtu
   - Revenue / pound molybdenum concentrate = US$13.20
   - A$1.00 = US$0.92 during 1st year of production
4. Metallurgical recovery
   - Tungsten = 85%
   - Molybdenum = 77.8%
5. Capital cost = A$70 million
6. Operating Factors
   - Mining waste to ore ratio = 5.3 : 1
   - Mining costs = A$24.23 / tonne ore
   - Processing & admin costs = A$65 / tonne ore

The Molyhil Mineral Resource is summarised in Table 1 Below:

Table 1: January 2012 Molyhil Mineral Resource Estimate (Reported at 0.1% combined Mo + WO3 Cut-off and above 200mRL only)

Classification	Tonnes t	Fe %	MOS_2 %	WO_3 %	MOS_2 (t)	WO_3 (t)
Measured	-	-	-	-	-	-
Indicated	3,820,000	18.8	0.22	0.29	8,200	10,900
Inferred	890,000	15.2	0.25	0.25	2,200	2,200
Total	**4,710,000**	**18.1**	**0.22**	**0.28**	**10,400**	**13,100**

Note minor rounding errors may occur in compiled totals.

The deposit was estimated by using Ordinary Kriging (OK) grade interpolation, constrained by interpretations prepared using a nominal 10 to 15% iron oxide cut-off grade to define the skarn bodies and a minimum downhole length of 2m.

The Molyhil Open Cut Ore Reserve Statement is summarised in Table: 2 below

A total of **1.64 Mt** of Open Cut Ore Reserves is estimated at the Molyhil deposit which is categorised as Probable (see Table 2).

Table 2: Total Open Cut Ore Reserves

	Ore Reserves				
	Tonnage (Mt)	Mo (%)	WO_3 (%)	Mo (t)	WO_3 (t)
Proved	0	0	0	0	0
Probable	1.64	0.13	0.42	2,200	6,900
TOTAL	**1.64**	**0.13**	**0.42**	**2,200**	**6,900**

Notes: Estimate has been rounded to reflect accuracy
All estimates are on a dry tonne basis
The reserve estimate extends to a maximum depth below surface of 122 metres