Molyhil Project

Company overview
Thor Mining is an international resources company, publicly listed on both the Australian stock exchange and the Alternative Investment Market (AIM) in London. The company is focussed on the development of its flagship Molyhil project in Australia's Northern Territory.

ASX: THR
Market capitalisation (ASX): A$8.58 million at 14 February 2018
Number of shares (ASX): 140,790,387 at 14 February 2018
Website: www.thormining.com
Resource: Tungsten, molybdenum

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For more information on this project or others available in the Northern Territory, visit www.resourcingtheterritory.nt.gov.au

Project overview
The production-ready Molyhil project, located 220 kilometres northeast of Alice Springs in Australia’s Northern Territory, has indicated resources sufficient to justify the immediate development of an open-pit mine, with significant potential to upgrade its tungsten resources close to the mine and in ground held to the east. The project includes existing mining leases covering 2.43 km², owing to historical mining activity in the area plus 292 km² of exploration licenses. Scheelite (CaWO₄) was first discovered at Molyhil in 1973, and mining activities were conducted by Petrocarb NL from 1978 to 1982 to a depth of 25 m. Thor Mining acquired the project in 2005 and has since conducted extensive exploration, evaluation, environmental and social studies.

Molyhil is a skarn-related scheelite-molybdenite-magnetite deposit within the Arunta Region with a JORC indicated and inferred resource of 4.71 Mt at 0.28% WO₃, 0.13% Mo, 81% of which is in the Indicated category. An updated feasibility study released in January 2015 projected a 44% IRR, A$67m NPV and a 1.5 year payback period, based on a 6 year open pit mining operation.

In January 2018 Thor Mining announced a significantly upgraded open cut JORC Probable Ore Reserve of 3.5 Mt at 0.29% WO and 0.12% Mo, and an extension of the planned open pit mine life from 6 years to 7 years. Importantly, a new additional underground mining option has also been identified, in addition to the original plan for open pit mining, which could further extend the project’s life.

An updated feasibility study released in August 2018 projected a 59% IRR, A$101m NPV and a 1.5 year payback period, based on this 7 year open pit mining operation.

Geology and exploration activity to date
The Molyhil deposit consists of two adjacent outcropping iron rich skarn bodies enclosed in granite, which contain scheelite and molybdenite mineralisation. The bodies strike approximately north–south and dip steeply to the east. The Molyhil deposit remains open at depth. Drilling is planned to test for any further depth extension.

In June 2017, Thor Mining was granted an additional 66 km² exploration license adjoining the existing project area, considered highly prospective for further Molyhil-style skarn-hosted tungsten deposits.

In March 2018, Thor Mining announced the acquisition of a 40% interest in a nearby tenement, Bonya, approximately 30 kilometres to the east of Molyhil. Bonya hosts 10 known outcropping tungsten deposits however no tungsten exploration work has been conducted since the 1970s. The deposits are considered to be well within economic trucking distance of Molyhil, and drilling programs on these deposits will be conducted once permitting has been secured.

Infrastructure
The project is located 220 km north-east of Alice Springs (320 km by road). The partially sealed Plenty Highway runs within 25 km of the site and connects to the Northern Territory’s major arterial road, the Stuart Highway. Like the Stuart Highway, the Adelaide to Darwin railway provides modern transport connections between Alice Springs and the Port of Darwin. The project has ample water from nearby
underground aquifers. Molyhil will operate as a fly-in, fly-out operation with provision for camp and electricity generation facilities provided for within the cost estimates of the current feasibility study.

**Project economics**

- An updated feasibility study for Molyhil was announced in August 2018, reflecting an adjustment to previous modelling to incorporate the project’s January 2018 updated JORC Ore Reserve. The updated feasibility study projected a 59% IRR, A$101 million NPV and a 1.5 year payback period based on a A$69 million capital cost and a 7 year mine life with average annual production of 130,000 mtu (1 mtu = 10 kg contained WO$_3$). Operating costs were projected at US$90/mtu, compared with the global spot price for tungsten prices at the time of US$260/mtu.
- Thor Mining estimates that the economic outcomes from Molyhil should improve substantially with the extension of mine-life anticipated from potential underground sources below the open pit shell, and additionally from the nearby Bonya deposits.
- In 2013, Thor received a letter of intent from United States-based Global Tungsten and Powders Corp, undertaking to purchase 70% to 75% of tungsten concentrates produced from Molyhil over the life of the mine.

**Project status and development timeline**

- Environmental and traditional owner approvals are in place.
- Next steps - secure off-take agreements for the balance of tungsten and molybdenum concentrates, and finance to support the development of mining and processing operations at Molyhil.
- 12 month construction schedule forecasted from development commencement to first production.

**Investment sought**

The company is seeking equity investment in the company and/or joint venture participation, along with product off-take agreements to progress the development of the Molyhil project.

**Resource Estimate**

*Summary of Molyhil Mineral Resource Estimate (reported 30 January 2014):*

<table>
<thead>
<tr>
<th>Classification</th>
<th>Resource</th>
<th>WO$_3$ Tonnes</th>
<th>Grade %</th>
<th>Mo Tonnes</th>
<th>Grade %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>3,820,000</td>
<td>0.29</td>
<td>10,900</td>
<td>0.12</td>
<td>4,970</td>
</tr>
<tr>
<td>Inferred</td>
<td>890,000</td>
<td>0.25</td>
<td>2,200</td>
<td>0.13</td>
<td>1,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,710,000</td>
<td>0.28</td>
<td>13,100</td>
<td>0.13</td>
<td>6,220</td>
</tr>
</tbody>
</table>

Notes: Mineral resource reported at 0.1% combined Mo + WO$_3$ Cut-off and above 200mRL only.

*Ore Reserve Molyhil Open Cut Ore Reserve Statement (reported 8 January 2018):*

<table>
<thead>
<tr>
<th>Classification</th>
<th>Resource</th>
<th>WO$_3$ Tonnes</th>
<th>Grade %</th>
<th>Mo Tonnes</th>
<th>Grade %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probable</td>
<td>3,500,000</td>
<td>0.29</td>
<td>10,200</td>
<td>0.12</td>
<td>4,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,500,000</td>
<td>0.29</td>
<td>10,200</td>
<td>0.12</td>
<td>4,300</td>
</tr>
</tbody>
</table>

Notes: The reserve estimate extends to a maximum depth below surface of 185 metres.

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