



ASX ANNOUNCEMENT

22nd March 2022

MT THIRSTY COBALT-NICKEL OPERATIONAL UPDATE

- Project consolidation discussions continue with joint venture partner (Conico) & adjacent licence holders
- A consolidation of the Mount Thirsty ownership will allow the next development phase of the project
- Previously released PFS completed during a period of subdued commodity prices (1Q 2020):
 - Cobalt prices have increased by 33% from US\$61,000/t to a current spot price of US\$81,380/t
 - Nickel prices have increased by 108% from US\$17,850/t to a current spot price of US\$37,115/t
- Previously released PFS excludes any of the optimisation opportunities currently under review
- Negotiations with the Ngadju Traditional Owners continue with an update expected in April 2022

Greenstone Resources Limited (**ASX:GSR**) (**Greenstone** or the **Company**) is pleased to provide an update on the Mt Thirsty Cobalt-Nickel Project (the Project), including the materially improved project economics given the recent recovery in both cobalt and nickel markets. The Project is located 16 kilometres North-Northwest of Norseman, Western Australia and is owned by Greenstone Resources (50%) and Conico Limited (ASX: CNJ) (50%).

The Project contains the Mt Thirsty cobalt-nickel deposit with a JORC Resource of 26.9Mt at 0.126% cobalt, and 0.54% nickel for which a Pre-Feasibility Study (PFS) was previously completed (see ASX Announcement: GSR 20/02/2020). The previously released PFS was completed during a period of subdued commodity prices, serving to understate the potential of the Project to provide a low-cost and sustainable source of cobalt supply outside of the Democratic Republic of the Congo and Russia.

Following the release of the PFS in early 2020, both cobalt and nickel prices have since recovered 33% and 108%, respectively (Figure 1). Based on the previously presented PFS and the included economic sensitivities, under current spot pricing for both cobalt and nickel the project would generate a pre-tax net present value (NPV 8%) of \$712 million¹ (Table 1).

		Nickel Price /t (USD)								
		\$15,000	\$17,850	\$20,000	\$25,000	\$30,000	\$37,115	\$40,000	\$45,000	\$50,000
Cobalt Price /t (USD)	\$55,000	-\$98m	-\$43m	-\$1m	\$96m	\$192m	\$330m	\$386m	\$482m	\$579m
	\$61,000	-\$11m	\$44m	\$86m	\$183m	\$279m	\$417m	\$473m	\$569m	\$666m
	\$65,000	\$47m	\$102m	\$144m	\$241m	\$337m	\$475m	\$530m	\$627m	\$724m
	\$70,000	\$120m	\$175m	\$216m	\$313m	\$410m	\$547m	\$603m	\$700m	\$796m
	\$75,000	\$192m	\$247m	\$289m	\$385m	\$482m	\$620m	\$675m	\$772m	\$869m
	\$81,380	\$285m	\$340m	\$381m	\$478m	\$574m	\$712m	\$768m	\$864m	\$961m
	\$85,000	\$337m	\$392m	\$434m	\$530m	\$627m	\$764m	\$820m	\$917m	\$1,014m
	\$90,000	\$409m	\$464m	\$506m	\$603m	\$699m	\$837m	\$893m	\$989m	\$1,086m

Table 1: Economic sensitivities from the previously presented PFS showing improvement in pre-tax NPV under current spot pricing from \$44m to \$712m

Note that Table 1 does not take into consideration any possible changes in operating and capital costs due to changes in key inputs such as energy, steel, reagent and wages costs that have the potential to negatively affect the NPV as set out in Table 1. The Company believes that the recent sustained recovery in both cobalt and nickel prices are attributable to an emerging disconnect between supply-demand (Figure 2) which is driven by new demand drivers, including electric vehicles (Figure 3).



Figure 1: Cobalt and Nickel prices are up 33% and 108% from those utilised in the PFS

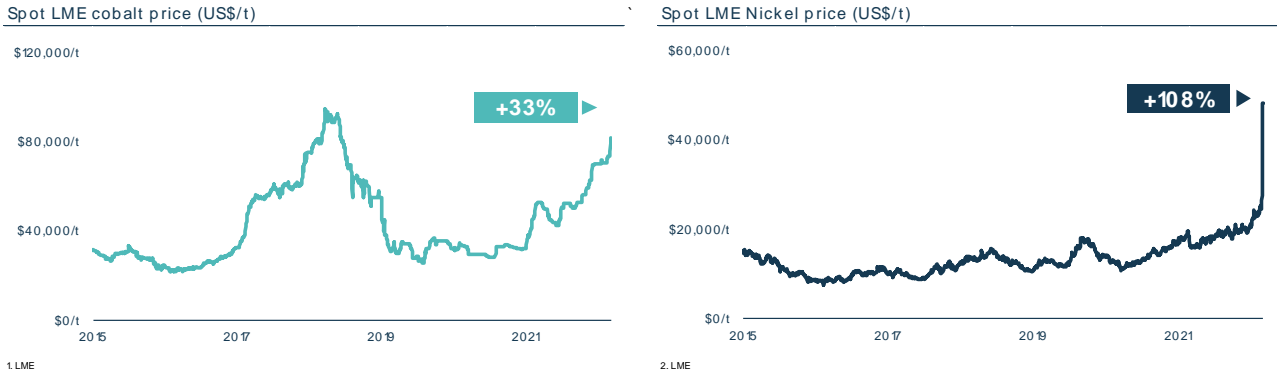


Figure 2: Demand & Supply for both cobalt and nickel supply are beginning to decouple

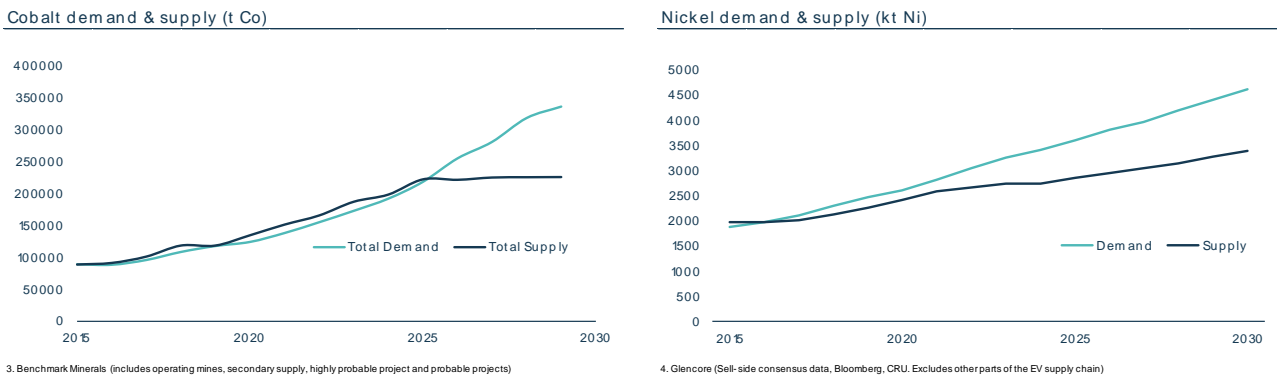


Figure 3: Supply and demand imbalance is being caused by new demand drivers, including electric vehicles

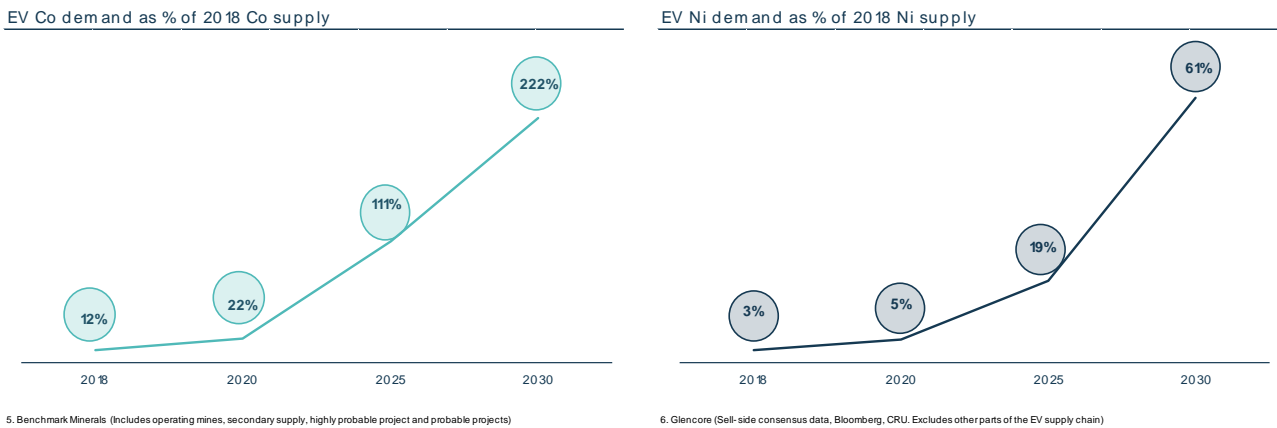
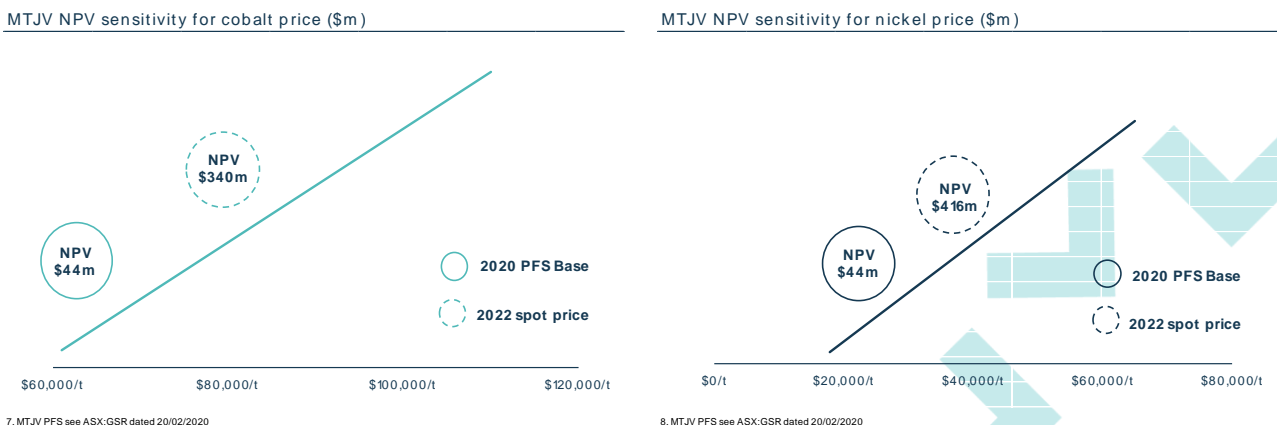


Figure 4: Resulting in positive pricing outlook and improved project economics for Mt Thirsty





Managing Director and CEO, Chris Hansen, commented: *“The Mt Thirsty Cobalt-Nickel Project is fundamentally a great asset however the previously completed PFS was completed during a period of subdued commodity prices which served to depress the resulting project economics. Since the completion of the PFS, both cobalt and nickel prices have materially recovered however for the project to take the next step forward towards commercial production, the ownership structure needs to be consolidated and a dedicated management team installed.*

Importantly, Mt Thirsty represents one of only a few undeveloped cobalt projects outside of the DRC and Russia who collectively account for over 74% of cobalt supply, serving to highlight the fragile nature of a market which is already experiencing unprecedented levels of demand. With an emerging disconnect between supply-demand we are excited about the role which Mt Thirsty can play in providing a sustainable and ethical source of cobalt and nickel.”

PROJECT OPTIMISATIONS

The Company and joint-venture partner, Conico are currently considering several optimisation opportunities leveraging of the previously completed PFS to further improve the project economics by increasing metal recoveries and/or increasing payabilities on recovered metal, including:

- Ability to produce sulphate or precursor cathode active material (P-CAM) products
- Alternative processing routes to increase cobalt and nickel recoveries, including high pressure acid leaching
- High-grade nickel sulphide target which remains untested at depth, including 6.0m @ 3.4% Ni from 201m¹

OWNERSHIP CONSOLIDATION

The Company and joint-venture partner, Conico are currently assessing several options to simplify the current ownership structure to support the next development phase of the Project, including an initial public offer on the Australian Securities Exchange (“ASX”). The principal objective of any outcome is to provide a dedicated management team capable of advancing the Project to a final construction decision, as well ensuring the respective shareholders of Greenstone and Conico retain long-term exposure to the Project.

NATIVE TITLE

Native Title negotiations with the Ngadju Traditional Owners are at an advanced stage, with the Ngadju having recently appointed a new Chief Executive Officer and further negotiations scheduled for late March 2022.

This announcement is authorised by the Board of Directors.

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Chris Hansen

Managing Director & Chief Executive Officer

Greenstone Resources Limited

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¹ ASX:GSR 18/11/2010



ABOUT MT THIRSTY

The Mt Thirsty Joint Venture (MTJV) is located 16 kilometres North-Northwest of Norseman, Western Australia (50% Greenstone Resources, 50% Conico Limited).

The Project contains the Mt Thirsty cobalt-nickel oxide deposit with a JORC Resource of 26.9Mt at 0.126% cobalt, and 0.54% nickel². A Pre-Feasibility Study (PFS) of the Project was completed and announced to the ASX on 20 February 2020. In addition to the Co-Ni oxide deposit, the Project also hosts nickel sulphide mineralisation potential.

Mt Thirsty Joint Venture Mineral Resources (50%)

Mineral Resource	Cut-off (Co%)	Wet Tonnes (Mt)	Moisture (% wet t)	Dry Tonnes (Mt)	Co (%)	Ni (%)	Mn (%)	Fe (%)
Mt Thirsty Indicated	0.06	31.20	27%	22.8	0.121	0.53	0.79	21.30
Mt Thirsty Main Inferred	0.06	3.50	27%	2.5	0.103	0.45	0.66	19.10
Mt Thirsty Main Sub Total	0.06	34.70	27%	25.4	0.119	0.52	0.77	21.10
Mt Thirsty North Inferred	0.06	2.00	27%	1.5	0.092	0.55	0.48	19.40
Total	0.06	36.70	27%	26.9	0.117	0.52	0.76	20.90

Refer to ASX Announcement 9/9/2019 for full details of the Mineral Resource Estimate.

Mt Thirsty Joint Venture Ore Reserve (50%)

Mineral Resource	Cut-off (Co%)	Wet Tonnes (Mt)	Moisture (% wet t)	Dry Tonnes (Mt)	Co (%)	Ni (%)	Mn (%)	Fe (%)
Mt Thirsty Probable	Approx. 0.07% Co (Variable)	25.90	27%	18.8	0.126	0.54	0.80	21.60

Refer to ASX Announcement 20/2/2020 for full details of the Ore Reserve Estimate.

Competent Persons for the Mt Thirsty Cobalt Nickel Project

Project and Discipline	JORC Section	Competent Person	Employer	Professional Membership
Mt Thirsty Geology	Exploration Results and Mineral Resources	Michael J Glasson	Tasman Resources Ltd; Consultant to MTJV; holds shares in Conico Ltd	MAIG
Mt Thirsty Resource Estimation	Mineral Resources	David Reid	Golder Associates Pty Ltd	MAusIMM
Mt Thirsty Metallurgy	Exploration Results and Ore Reserves	Peter Nofal	AMEC Foster Wheeler Pty Ltd trading as Wood	FAusIMM
Mt Thirsty Mining	Ore Reserves	Frank Blanchfield	Snowden Mining Industry Consultants Pty Ltd	FAusIMM

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves for the Mt Thirsty Cobalt-Nickel Project is based on and fairly represents information compiled by the Competent Persons listed in the table above. The Competent Persons have sufficient relevant experience to the style of mineralisation and type of deposits under consideration and to the activity for which they are undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition). For new information, the Competent Persons consent to the inclusion in the report of the matters based on their information in the form and context in which it appears. Previously announced information is cross referenced to the original announcements. In these cases, the company is not aware of any new information or data that materially affects the information presented and that the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

² ASX:GSR 09/09/2019



DISCLAIMER

This report contains forward-looking statements that involve several risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken based on interpretations or conclusions contained in this report will therefore carry an element of risk.

REFERENCES TO PREVIOUS ANNOUNCEMENTS

In relation to the details of the PFS announced on 20/02/2020, Greenstone confirms that all material assumptions underpinning the production target and forecast financial information from the production target, as reported on 20/02/2020, continue to apply and have not materially changed. A proportion of the production target uses inferred mineral resources. There is a low level of confidence associated with inferred mineral resources and there is no certainty that further exploration will result in the determination of indicated mineral resources or that the production target itself will be realised.

The mineral resource estimates in this announcement were reported by the Company in accordance with ASX Listing Rule 5.8 on 9/9/2019. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The ore reserve estimate in this announcement was reported by the Company in accordance with ASX Listing Rule 5.9 on 20/20/2020. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

ⁱ Refer ASX Announcement 20/02/2020 for details of the Pre-Feasibility Study including risks, cautionary statements and full economic sensitivities. Cobalt and nickel prices are two of many key sensitivities to the project. Other sensitivities include but are not limited to foreign exchange, land access, capital cost, availability of funding, operating cost, metal recoveries and resource inventory also present risks and opportunities to the economics of the project. London Metal Exchange spot prices of US\$81,380/t cobalt and US\$37,115/t nickel are as at 18/03/2022. Investors should form their own view on long-term cobalt and nickel prices. Given the uncertainties involved, investors should not make any investment decisions based solely around the outcomes of this ASX announcement, the Pre-Feasibility Study or this sensitivity analysis.