

ASX ANNOUNCEMENT



29 May 2023

MINCOR BUSINESS AND WYLOO OFFER UPDATE

Kambalda Nickel Operations on track to achieve nameplate mining rates in May 2023, while continuing to optimise forward mine plans; Mincor Shareholders are recommended to ACCEPT Wyloo's Offer

UPDATE ON MINCOR BUSINESS ACTIVITIES

- Nickel-in-concentrate production of 1,839 tonnes for the June quarter to date and 5,161 tonnes for year to date, pending May assay results
- Nameplate mining rates on track to be achieved, earlier than planned
- Total Ore Mined of 97,867 tonnes for the June quarter to date and 306,917 tonnes for year to date
- Cash at bank of A\$42.1 million at 26 May 2023
- Mincor has 1,130 nickel tonnes of future production that remain hedged at 30 April 2023 under the mandatory hedge program, whilst 2,026 tonnes remain to be cash settled

UPDATE ON WYLOO OFFER

- Wyloo's Offer is scheduled to expire at the close of trading on the ASX on 5 July 2023 and Wyloo announced on 26 May 2023, that the Offer period will not be extended beyond this date
- In the absence of a superior proposal, Mincor's Directors continue to unanimously recommend that Mincor Shareholders ACCEPT Wyloo's Offer
- Wyloo holds 72.77%¹ of the shares in Mincor and therefore it is unlikely that a competing proposal for Mincor will be made or announced
- Wyloo intends to seek a delisting from the ASX following the close of the Offer if requirements for delisting can be satisfied (see the Supplementary Bidder's Statement dated 8 May 2023)
- There are risks associated with rejecting the Offer and remaining as a minority Shareholder of Mincor

Mincor Resources NL (ASX: MCR, "Mincor" or the "Company") provides the following update on operational and financial matters and the on-market takeover offer made by Wyloo Consolidated Investments Pty Ltd, a subsidiary of Wyloo Metals Pty Ltd ("Wyloo") for all of the fully paid ordinary shares in Mincor which Wyloo (or its associates) does not already own or control for \$1.40 per share (the "Offer").

Safety

At 30 April 2023, Mincor's group 12-month Total Reportable Injury Frequency Rate (TRIFR) was 22.5.

Production

In May 2023, underground operations have mined 49,955 tonnes of ore month to date, thereby on track to achieve nameplate capacity of 600,000 tonnes per annum, earlier than planned.

The Company has delivered 103,005 tonnes of ore quarter to date (Mar 2023 Qtr: 87,248 tonnes) to the BHP Kambalda Nickel Concentrator at an average grade of 2.09% nickel (Mar 2023 Qtr: 1.88% nickel). Ore delivery has included 7,569 tonnes of lower grade (<1.0% nickel) material mined.

¹ At 26 May 2023.

Nickel production (imputed nickel-in-concentrate) for the quarter to date is 1,839 tonnes of nickel-in-concentrate (Mar 2023 Qtr: 1,380 tonnes) subject to May month-end reconciliation.

Kambalda Nickel Operations (KNO)		Sep 22 Qtr	Dec 22 Qtr	Mar 23 Qtr	Jun 23 Qtr*	FY23 YTD
Development (lateral)	m	2,485	2,547	2,671	1,642	9,344
Development Ore	t	53,722	27,267	67,340	57,988	206,317
Stope Ore	t	6,990	17,762	35,969	39,880	100,601
Total Ore Mined	t	60,712	45,029	103,309	97,867	306,917
% Stope Ore	%	12%	39%	35%	41%	33%
Total Ore Delivered (to BHP)	t	57,241	67,725	87,248	103,005	315,219
Ni Grade	% Ni	1.88%	1.75%	1.88%	2.09%	1.92%
Nickel Production						
Nickel-in-Concentrate (100% Payable)	t	928	1,015	1,380	1,839	5,161

Table 1. Key Physicals – Kambalda Nickel Operations.

* June 2023 Quarter comprises April and May month-to-date only, subject to May month-end reconciliation.

At 27 May 2023, there was 25,745 tonnes at 2.4% nickel or approximately 617 tonnes of nickel-in-ore, stockpiled (March 2023 Qtr: 23,358 tonnes at 2.4% nickel or approximately 550 tonnes of nickel-in-ore). Stockpiled ore comprises off-specification ore already delivered to BHP, ore awaiting assay results, ore on mine ROM awaiting to be trucked and off-specification ore which BHP has indicated it would not accept until it is blended to meet acceptable product specification.

Stockpiled ore may be blended as and when more blending options become available from mining operations and then delivered to BHP. Mincor continues to work closely with BHP to manage the specification of ore parcels delivered, and if parcels are not blended during the month, then the parcel is stockpiled for future blending opportunities. Approximately 6,000 tonnes of the stockpiled ore balance at 31 March 2023 has been blended and delivered to BHP during the June 2023 quarter so far.

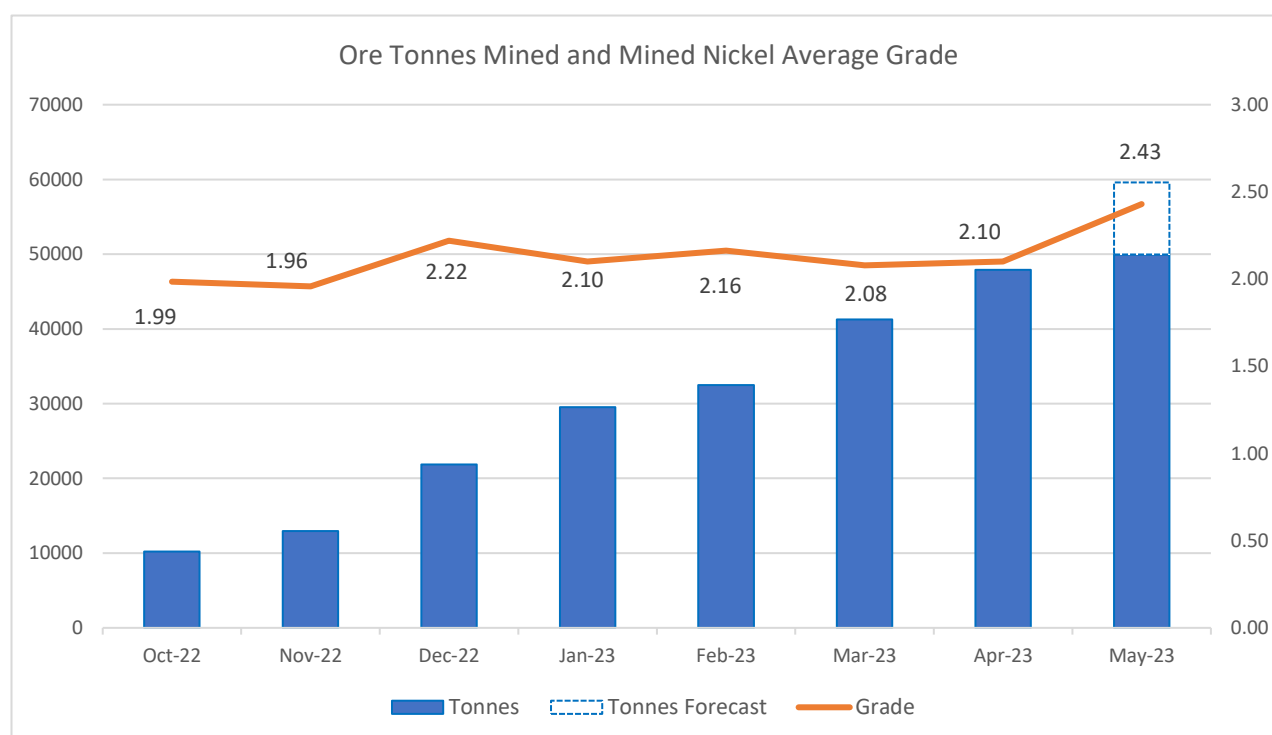


Chart 1. Total Ore Tonnes Mined and Mined Average Grade October 2022 to April 2023 Actual and May 2023 Forecast.

While nameplate mining rates are on track to be achieved, the nature of mining is such that there remains a risk that mine production may be less than planned, nickel grade may be lower than expected, the level of arsenic or other impurities in the ore mined may be higher than expected, costs may be higher than anticipated, and that revenue may be lower than expected.

Corporate

Cash at Bank

At 26 May 2023, Mincor had a consolidated cash balance of A\$42.1 million (31 March 2023: A\$59.2 million). During April 2023 and up to 26 May 2023, the Company received proceeds of A\$26.1 million from BHP for nickel concentrate for ore deliveries up to the end of April 2023. Major cash outflows during April 2023 and up to 26 May 2023 included:

- A\$5.8 million on settlement of the mandatory hedge program for 417 tonnes at an average price (after bank margin) of A\$21,000/t executed in April 2021; and
- A\$37.0 million of payments to creditors and employees.

Financing Facility

As announced by Mincor on 29 October 2021, Mincor is party to a Syndicated Facility Agreement (SFA) with BNP Paribas for the provision of a A\$30 million revolving credit facility (RCF). The RCF replaced the original A\$55 million Project Finance Facility provided by BNP Paribas and Société Générale and announced on 26 March 2021.

On 19 December 2022, Mincor finalised the extension of the RCF. The final maturity date of the RCF was extended from 30 September 2023 to 31 March 2024. The RCF was reduced to A\$27.5 million following the first scheduled repayment of A\$2.5 million in March 2023 and remains fully drawn.

Mincor has requested a waiver from BNP Paribas to test one of the financial covenants (the historical debt service cover ratio), which is likely to be breached when measured at 30 June 2023. If a waiver is not approved, then this would be an event of default under the SFA.

While an event of default is continuing under the SFA, no drawings (including rollover loans for existing drawings) can be made under the RCF and BNP Paribas may exercise certain rights under the finance documents, including the acceleration of repayment of outstanding monies under the SFA, the termination and close out of all outstanding hedges and the enforcement of their security interests. The exercise of these rights could have a material adverse effect on Mincor's activities and financial condition.

A review event occurred when Wyloo acquired more than 50% of Mincor Shares on issue, the potential for which was disclosed in section 9.9(a) of the Target's Statement. BNP Paribas has until 19 June 2023 to complete its review. Rollover loans are permitted while a review is ongoing. At conclusion of its review, and as allowed for under the finance documents, there is a risk that BNP Paribas may require repayment of all amounts outstanding, and all costs (including hedge repayment, see below) may become due and payable.

In any circumstance where repayment becomes due, Mincor would need to obtain alternative sources of funding which may be in the form of new debt or equity, and the terms of any new funding may not be as attractive as the current arrangements, or in the case of new equity it may be dilutive to existing Shareholders.

Hedging

Mincor has 1,130 nickel tonnes of future production that remain hedged at 30 April 2023 under the mandatory hedge program, whilst 2,026 tonnes remain to be cash settled. The carrying value of the derivative financial instruments significantly changes with modification to the forward nickel prices. The value of the Mincor hedge book is currently negative.

If BNP Paribas required repayment of all hedges outstanding, the estimated cost of settling the hedge book would be approximately A\$32 million. As above, the Company would explore financing options in the event BNP Paribas requires repayment.

Ore Tolling and Concentrate Purchase Agreement (OTCPA)

The OTCPA requires Mincor to meet certain product specifications and a Nominated Minimum Annual Quantity (with tolerance) (“**NMAQ**”) for a Contract Year. The current Contract Year is FY2023. Under the OTCPA, BHP has the right to terminate the OTCPA and claim damages if Mincor fails to meet the NMAQ for the Contract Year. Mincor anticipates that delivery acceptance levels for FY2023 could fall very close to the NMAQ if some of the ore mined cannot be placed. As a risk mitigation measure, Mincor has approached BHP to seek a waiver for the NMAQ. If Mincor fails to meet the NMAQ, and a waiver is not provided by BHP, this would be an event of default under Mincor’s SFA. While there is no guarantee a waiver will be granted, Mincor and BHP have a strong, collaborative working relationship underpinning the OTCPA and this continues.

Wyloo Offer

On 21 March 2023, Wyloo Consolidated Investments Pty Ltd (“**Wyloo**”), announced an on-market takeover bid for all shares in the Company at a price of A\$1.40 per share (“**Offer**”). The Company’s Target Statement was released on 4 April 2023 and, in the absence of a superior proposal, the Mincor Directors unanimously recommend that Shareholders accept the Offer from Wyloo.

Wyloo’s Offer is scheduled to expire at the close of trading on the ASX on 5 July 2023 and Wyloo announced on 26 May 2023 that the Offer period will not be extended beyond this date.

Mincor Shareholders are reminded that the Offer is unconditional and that Wyloo cannot increase its Offer Price of \$1.40 per share unless a competing proposal is received.

Wyloo currently holds 72.77%² of the Shares in Mincor and it is unlikely that a competing proposal for Mincor will arise. The Mincor Board reiterates that no potentially superior proposals were under consideration at the time of the Target’s Statement and none have emerged since. When the Offer Period ends, the trading price of Mincor Shares may fall below the current Offer Price. In addition, as Wyloo holds 72.77% of Mincor Shares, trading in Mincor Shares may be illiquid, which could make it difficult for Mincor Shareholders to sell their Shares.

The Mincor Board therefore reminds minority Shareholders that it is at their risk that they reject the Offer and remain as a minority Shareholder. The risks are outlined in further detail in section 7.3(f) of the Company’s Target Statement.

How to accept the Wyloo Offer

Shareholders wishing to take up the Wyloo Offer can simply contact their stockbroker and place a sell order on-market at \$1.40 per share. No other action is required.

For full details on how to accept the Wyloo Offer please refer to section 2 of the Bidder’s Statement dated 21 March 2023.

ENDS –

Authorised by Board of Mincor Resources NL

For further details, please contact:

Gabrielle Iwanow
Managing Director
Mincor Resources NL
Tel: (08) 9476 7200

David Hann
Investor Relations Specialist
Mincor Resources NL
Email: d.hann@mincor.com.au
Tel: (08) 9476 7200

Media Inquiries
Nicholas Read
Read Corporate
Tel: (08) 9388 1474

² At 26 May 2023.

Forward-Looking Statements

Certain statements made during or in connection with this announcement contain or comprise certain forward-looking statements regarding Mincor's Mineral Resources, Ore Reserves, exploration and project development, operations, production, the economic performance and financial conditions as well as general market outlook. Although Mincor believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements and no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, exploration, production, the impact of the Offer by Wyloo, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in nickel prices and exchange rates and business and operational risk management.

Except for statutory liability which cannot be excluded, each of Mincor, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission. Mincor undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly, you should not place undue reliance on any forward-looking statement.