

24 October 2018

## **Chairmans' address to the Annual General Meeting of Pursuit Minerals Limited**

*To be held at 10.00 am Perth time Wednesday 24 October 2018*

**Good morning ladies and gentlemen,**

The year to June 2018 has been a transformational period for Pursuit Minerals.

We started the year with the recapitalisation of the company, the introduction of a new and energetic management team and with a suite of interesting zinc projects in north-west Queensland.

A year later we have made excellent progress, advancing the zinc projects but also greatly expanding the horizons and prospects for the company through the adoption of a new and exciting strategy focused on our recently acquired vanadium exploration projects in Sweden and Finland.

The acquisition of these highly prospective projects, in April 2018, has provided the company with genuine potential to deliver very attractive returns for our shareholders.

The fundamentals for vanadium are exceptionally favourable. Global vanadium prices are rising rapidly, increasing from approximately US\$6/lb (vanadium pentoxide flake) in November last year, to more than US\$30.00/lb. The increased price is being driven by growing demand for vanadium in steel manufacturing, particularly in China, but also by rapid developments in revolutionary vanadium redox battery technology.

Approximately 98% of vanadium produced today is used in production of ferrovanadium, which is used to strengthen steel alloys. In 2010, China introduced new minimum standards for the strength of steel used in construction, requiring higher vanadium content, and these requirements were made more stringent as of November this year. Consumption of vanadium has consequently been growing steadily, and prices have been surging.

But more recently, the rapid growth of renewable energy generation capability, coupled with advances in battery technology, has seen the development of a new application for vanadium – in redox batteries.

Vanadium redox batteries are ideal for storing energy generated through renewable sources such as wind and solar, for release into the grid as required. They offer significant advantages over other forms of batteries for larger scale, industrial and commercial energy storage, having the ability to be infinitely recharged with no degradation in capacity, as well as being safer as they are non-combustible. Consequently, the market is forecast to grow rapidly.

Recent research suggests the flow battery market (of which vanadium plays a major part) is expected to grow from US\$230 million in 2018, to approximately US\$950 million by 2023 – a compound annual growth rate of approximately 33%.

Pursuit identified the opportunity in vanadium early this year and, partly through the prior experience of management in Scandinavia, was able to identify various exploration territory in Finland and Sweden which could be acquired.

Both countries are preferred mining jurisdictions, with Finland ranked as the best mining destination in the world in the well-known Fraser Institute Survey. Both countries have long mining histories, well developed and transparent mining and environmental regulatory regimes, as well as excellent power, transport and water supply infrastructure.

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Importantly, the Company was able to secure the mineral tenements in Finland and Sweden in a very cost-effective way, because the territory was open ground.

In Finland, the Company now holds two projects, Koitelainen and Karhujupukka, where extensive exploration drilling was carried out in the 1970s and 1980s which resulted in sizeable mineral resource estimates being declared. A third project, Ala Postojoki, has also recently been secured. In Sweden, Pursuit holds five projects - all with known mineralisation.

In the past six months, a great deal of work has been conducted.

At the Koitelainen project, Pursuit has been able to review historical drilling and assay data and found that 15 of the 27 historical drill holes produced magnetite concentrates with highly encouraging grades of Vanadium Pentoxide. Furthermore, the data indicates that high-grade vanadium mineralisation at the project extends over at least 1000m of strike, from south to north, is open in both directions and is directly associated with magnetic anomalies in excess of 3.5km in strike length.

After re-analysing the drill data, Pursuit defined an in-situ Exploration Target totalling 80 - 105Mt, containing 4.0 - 10.5Mt of magnetite @ 2.0 - 2.3% V<sub>2</sub>O<sub>5</sub> (in magnetite concentrate) for 80,000 - 241,000 tonnes of V<sub>2</sub>O<sub>5</sub>.

Re-assaying of historical drill core is now being undertaken, with samples from 11 holes being sent for analysis to define an Inferred Mineral Resource in accordance with JORC (2012).

Following finalisation of the Resource, Pursuit plans to commence a Scoping Study, potentially to be followed by a Pre-Feasibility Study for the project.

In Sweden, the most advanced project is at Airijoki. Nine holes previously were drilled at the project, and Pursuit has been able to access drill core from two of the holes for assaying. The results received showed exceptional high-grade vanadium intersections of substantial thickness. A heli-magnetic survey and rock chip sampling were subsequently conducted to enable drilling targets to be identified for a diamond drill program which is scheduled to begin next month.

In Queensland, the company made good progress with its zinc projects near Mt Isa during the year. At the Bluebush Project four holes were drilled for 1669 metres, with broad intervals of zinc-lead sulphide mineralisation intersected.

At the Paperbark project, four holes were drilled for a total of 1377 metres. The drilling intersected substantial widths of zinc-lead mineralisation, with the potential to extend the mineralised zone and significantly increase the size of the current resource.

Pursuit is now analysing the results to determine future exploration programs at the projects.

So that gives you an overview on our current strategy and the progress we have made with our projects. It is clear that Pursuit is rapidly building its vanadium project pipeline and implementing a considered and innovative strategy to create value for our shareholders. We are increasingly optimistic that these Scandinavian projects have major potential.

Our share price performance over the past year, however, has not reflected the increased value that has been created through the implementation of our strategy. This is partly a result of external factors and the subdued market sentiment towards resources projects generally, and exploration projects more particularly. The escalating global trade wars, rising interest rates and an uncertain outlook for the Chinese economy have also had an impact on commodity prices and served to depress investor sentiment.

These, unfortunately, are factors beyond our control. We can only focus on implementing our strategy and building value through advancing our project portfolio. Over the coming few months we expect to deliver

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strong news flow to build increased investor confidence and remain confident that, ultimately, the market will recognize the value being created.

On that note, I would like to thank my fellow directors for their help and support during the past year. We have seen some changes at the board level, with Adam Blumenthal stepping down in May, and Matthew O'Kane being appointed in his place. I thank Adam for his contribution, and I welcome Matthew, who brings a wealth of business experience and mining expertise to the Company.

I also wish to thank the Managing Director, Jeremy Read, for his hard work and excellent leadership and the broader management team members for their dedication and diligence. Finally, I would like to thank our shareholders for their ongoing support and interest.

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## About Pursuit Minerals

Pursuit Minerals listed on the ASX in August 2017 following the completion of acquisition of a portfolio of projects from Teck Australia Pty Ltd, which remains Pursuit's largest shareholder. Led by a Board and Management team with a wealth of experience from all sides of minerals transactions, Pursuit Minerals understands how to generate and capture the full value of mineral resource projects. From local issues to global dynamics, Pursuit Minerals knows how to navigate project development and deliver returns to shareholders and broader stakeholders.

Pursuit's project portfolio is focussed on the emerging Energy Metal, vanadium. In 2018, through compilation and interpretation of historical data, Pursuit secured Exploration Tenements in Sweden and Project Reservations in Finland, covering projects with historical deposits of vanadium and extensive confirmed areas of vanadium mineralisation. Finland has produced up to 10% of the world's vanadium and is currently rated the number one jurisdiction globally for developing mineral projects. Sweden has a long mining history and culture and was the second country in the world where vanadium was recognised as a metal. With its Sweden and Finland projects ideally positioned to take advantage of Scandinavia's world-class infrastructure, cost effective power and stable legislative frameworks, Pursuit is looking to accelerate assessment and potential development of its quality vanadium project portfolio.

With Europe rapidly transforming its energy grid to renewable energy, which will require large increases in battery storage, Pursuit's projects are well placed to participate in the energy revolution underway.

For more information about Pursuit Minerals and its projects, visit:

[www.pursuitminerals.com.au](http://www.pursuitminerals.com.au)

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