



Pure Minerals Limited

11 December 2018

ASX Announcement

PM1 COMPLETES DUE DILIGENCE ON QPM'S NEW CALEDONIAN ORE SUPPLY

- **Xenith Consulting engaged to undertake mine site inspection of Queensland Pacific Metals Pty Ltd's ("QPM") ore supply partners Société des Mines de la Tontouta ("SMT") and Société Minière Georges Montagnat S.A.R.L. ("SMGM")**
- **Due diligence report carried out at Scoping level, identified no fatal flaws and confirms that SMT and SMGM employ industry standard mine planning and geology processes, managed by experienced professionals**
- **The report also indicates that the mining operations are of a sufficient scale to deliver into QPM's requirements**
- **Working group formed between SMGM, SMT and QPM to progress commercial and technical arrangements.**
- **QPM plans to purchase 600,000tpa of high grade nickel-cobalt ore from SMGM and SMT and to process this ore in Townsville to produce battery grade nickel and cobalt sulphate**
- **Pure Minerals Limited has entered into a binding option agreement to acquire 100% of the issued capital of QPM as announced on 15 October 2018**

Pure Minerals Limited ("**PM1**" or the "**Company**") is pleased to announce that it has completed its due diligence on Queensland Pacific Metals Pty Ltd's ("**QPM**") ore supply partners Société des Mines de la Tontouta ("**SMT**") and Société Minière Georges Montagnat S.A.R.L. ("**SMGM**").

As previously announced to the Australian Securities Exchange on 15 October 2018, QPM plans to purchase from SMT and SMGM 600,000tpa of nickel-cobalt ore from their existing mining operations in New Caledonia. The minimum contractual grades for this ore are 1.4% nickel and 0.15% cobalt, however the expectation of QPM is that actual ore purchased will be in line with historical export grades, being 1.55-1.65% nickel and 0.17-0.18% cobalt.

PM1 engaged Xenith Consulting ("**Xenith**") to meet with SMT and SMGM, undertake a site inspection and prepare a due diligence report of the operations of both SMT and SMGM. The key findings of the investigations are:

- New Caledonian mining industry is governed by a mature legislative framework;
- SMT and SMGM employ industry standard modern mine planning and geology processes managed by experienced professionals within their corporate office and at respective mining sites;
- Exploration programmes are undertaken within government approval frameworks with well documented environmental controls;
- Grade control drilling ahead of initial mining operations is typically in order of 80m spacing;
- Mine planning is carried out in 1, 5 and 10-year intervals to ensure community relations and sufficient inventory are maintained;
- Proper controls and procedures are in place to ensure scheduled shipping timetables and ore quality specifications are met.



Figure 1: Mining at Nakety, one of SMT's operation in New Caledonia



Figure 2: Stockpile reclamation prior to ship loading Tontouta (SMGM)

SMGM and SMT have nominated Nakety, Cap Bocage and Tontouta as loading ports which will service the mining areas. Ore supply to QPM from these ports will primarily be co-ordinated between SMT and SMGM.

QPM, SMT and SMGM have established a Nickel Project working group for the purpose of progressing technical and commercial arrangements in relation to the project. This group will coordinate the following aspects from study phases through to ore supply;

- Feasibility of long term ore supply from SMT and SMGM's mining areas to Townsville over a 20 year project life;
- Issues of government regulations and approvals that potentially effect the project, including export permits;
- The deliverables required to successfully complete the study work through to financial investment decision;
- Development of management and commercial controls for long term supply of ore including supply schedules, grade, moisture content and shipping technical requirements.



Figure 3: Direct dumping to 300t barges Tontouta (SMGM)



Figure 4: Typical ship loading operations using ships gear

PM1 Chairman Eddie King commented:

"The grade of ore to be imported by QPM is a key value driver in consideration of this acquisition by the PM1 Board. The mine site inspection carried out by Xenith has confirmed the ability of SMT and SMGM to deliver on the ore supply agreement, an important milestone in the due diligence work being undertaken by PM1."

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