



Pure Minerals Limited

25 February 2019

ASX Announcement

EXERCISE OF OPTION TO ACQUIRE QUEENSLAND PACIFIC METALS PTY LTD

Pure Minerals Limited (“**PM1**” or “**the Company**”) is pleased to announce that it has exercised its Option to acquire Queensland Pacific Metals Pty Ltd (“**QPM**”) under the binding Term Sheet (as described in PM1’s previous announcements of 15 October 2018 and 24 January 2019).

PM1 is satisfied with the results of its due diligence on QPM and the Board remains impressed with the fundamentals of QPM’s proposed Townsville battery materials refinery, the articulated development strategy and the outlook for nickel and the battery materials sector. In particular, PM1 is excited with the positive scoping study results which will be further progressed into a pre-feasibility study phase.

The PM1 Board decision to exercise the option to acquire QPM was unanimous. In addition, PM1 has canvassed major shareholders who are supportive of the Acquisition.

Settlement of the Acquisition is subject to the satisfaction of the remaining conditions precedent of the Term Sheet, including PM1 obtaining all necessary shareholder approvals and regulatory approvals to issue the Consideration Shares and implement the Acquisition.

The PM1 Board is pleased to progress to the next stage of the Acquisition and anticipates releasing a Notice of Meeting to the market in due course, in order to seek the relevant shareholder approvals in relation to the Acquisition.

Additionally, the Parties have agreed to a variation of the Term Sheet to alter the Consideration payable under the Term Sheet as follows:

1. Previously, the consideration was comprised of PM1 Shares as follows (**Consideration Shares**):
 - (a) 66,600,000 fully paid ordinary PM1 shares, payable at settlement of the Acquisition (**Initial Consideration Shares**); and
 - (b) 333,320,000 fully paid ordinary PM1 shares, payable after settlement of the Acquisition in four tranches, subject to satisfaction of performance milestones in respect of QPM’s projects, as set out in PM1’s announcement of 15 October 2018 (**Deferred Consideration Shares**).

2. The Parties have agreed to vary the Term Sheet, as follows:

- (a) a reduction in the number of up front Consideration Shares to 33,300,000; and
- (b) a corresponding increase to the number of Deferred Consideration Shares of 33,300,000 (allocated to the first performance milestone tranche).

The variation will result in the aggregate number of Consideration Shares remaining the same.

This variation in the consideration structure is beneficial to PM1 shareholders by reducing the number of up-front consideration shares and adding these shares to the number of deferred consideration shares in respect of the first performance milestone, being completion of a Pre-Feasibility Study on the QPM project that demonstrates an IRR of >20% and EBITDA >A\$50M per annum or delineation of a JORC inferred resource at 1% Ni equivalent at the Eden Garry exploration project (recently granted). QPM's acceptance of this change in structure demonstrates their confidence in the project.

To ensure that QPM continues to advance along its pathway towards development of a battery materials refinery in a timely manner, PM1 intends to commence expenditure on the project against an approved budget immediately.



Figure 1: QPM produced products in conjunction with CSIRO

PM1 Chairman Eddie King commented:

“The PM1 Board is excited to push the button on a transformational transaction which does not have the usual exploration or mining risk associated with explorers. QPM’s management team has brought its 30 years of experience with Queensland Nickel and represents a fantastic opportunity to PM1 shareholders to be part of an emerging project in the battery materials sector. The suite of products to be produced by QPM will add diversification to PM1’s future revenue stream, including nickel which is currently displaying excellent short and medium term fundamentals. Most importantly, QPM’s management team are well respected industry veterans with a wealth of experience and are well positioned to drive this project forward.”

QPM Director John Downie commented:

“QPM has been years in the making and the proposed transaction with PM1 coincides nicely with the emergence of the battery materials sector and the requirement of nickel and cobalt sulphate. Being acquired by an ASX listed company will increase QPM’s exposure to investors, raise our profile and credibility with potential offtake parties and open up more avenues to future funding. We are excited at the opportunity to contribute to the growth of Townsville and North Queensland with this new project.”



Figure 2: Mining at Nakety mine in New Caledonia

Further information:

Eddie King
Chairman
Pure Minerals Limited
info@pureminerals.com.au

Luke Forrestal
Media & Capital Partners
luke.forrestal@mcpartners.com.au
+61 (0) 411 479 144

John Downie
Queensland Pacific Metals
jdownie@qpmetals.com.au