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The following is an *Inside Briefing* interview with Mincor Resources CEO, Mr Peter Muccilli

In this interview, Peter Muccilli provides an update on Mincor Resources NL (ASX: MCR – market capitalisation: ~\$38 million – 188.8 million shares on issue) including:

- The rationale behind Mincor's decision to focus on developing the potential of the gold resources located on its extensive tenement holding in the Kambalda district;
- An overview of these gold assets and the opportunity for Mincor to develop a material gold business in the near term, initially via a series of low-capex, small-scale open pits utilising toll-treatment processing; and
- An explanation of the recently completed Feasibility Studies on the Durkin and Miitel/Burnett nickel projects and their potential to underpin a rapid return to nickel production if the nickel price recovers.

Inside Briefing: Mincor recently updated the market on its growth strategy which includes a plan to aggressively advance the Company's gold assets while optimising the value of its (now mothballed) nickel assets. Can you briefly explain the key elements and the rationale behind this strategy?

Peter Muccilli: More than anything the strategy is built around the prospectivity of our Kambalda land-holdings. We have some of the best ground in the world for both nickel and gold, and this is what drives the strategy. With nickel prices currently at multi-decade lows and gold one of the strongest performing commodities so far this year, our land-holdings are tailor-made for a pivot away from nickel and towards gold. Of course, we will maintain our strong option on the nickel price – and our nickel projects are ready for development with completed, bankable-level feasibility studies on two of them. But in the meantime we see an excellent opportunity in gold. So the strategy is to maintain our nickel option but move rapidly to develop the potential of our gold resources.

We have a number of near-term gold opportunities where resources can be quickly and cost effectively established and potentially developed. These include Jeffreys Find, located north-east of Norseman, and a number of prospects located near Widgiemooltha. We see an opportunity to mine a number of shallow gold pits in series, with ore processing via toll treatment or a central heap leach plant. Given the prospectivity of the area, the initial low-capex and small-scale start-up of production from these small pits could quite rapidly become the foundation of a material gold business for Mincor.

In parallel the strategy requires the maintenance of the Company's existing Kambalda nickel assets, which includes putting the maintenance regime onto a sustainable cost footing, and at the same time enhancing the value of these assets – both by expanding the total nickel inventory and further strengthening the economics of the projects. We have now cemented the nickel option with the recent completion of Definitive Feasibility Studies at our development-ready Durkin North and Miitel/Burnett projects. These two studies outline a base production potential from reserves of some 28,200 tonnes of nickel metal (refer to ASX Announcement, 10 March 2016).

Inside Briefing: Mincor has defined a 61,650oz gold resource at the Jeffreys Find gold prospect and commenced pit optimisation studies. Why does gold present an attractive and viable growth path for Mincor in the current market? Why have you not pursued these gold opportunities in the past?

Peter Muccilli: A number of factors have come together in recent times to improve the potential viability of our gold assets, including of course the strong gold price. For example, we are fortunate to have a number of gold processing plants located near to our prospects. The operators of these gold plants have an increased desire to treat third party ores due to factors such as diminishing reserves and competition between them has reduced toll-treatment fees. This provides a potentially attractive processing route for us. Another important change is that an onerous royalty on the Jeffreys Find Prospect has expired, significantly enhancing its potential economics.

Jeffreys Find has a resource of 61,650oz (refer to ASX Announcement, 31 March 2016) and is located 40km north-east of Norseman. Mincor has now substantially improved its confidence level in this resource, formally classifying just over 75% of it as an Indicated Resource. This is the second highest category in the classification of Mineral Resources and is the standard at which Feasibility Studies may be carried out and Ore Reserves defined.

The gold mineralisation at Jeffreys Find occurs within a shallowly south-west dipping banded iron formation. The mineralisation is thickest and best developed close to surface. These positive attributes are all attractive qualities that help with the viability of the project. We have now engaged a reputable mining consultancy to carry out pit optimisation studies and this will, we hope, pave the way to full Bankable Feasibility Studies for Jeffreys Find.

Inside Briefing: How many gold prospects have been defined on your tenements (excluding Jeffreys Find) and where do they sit in relation to the nickel mines and existing infrastructure? What are the next steps required to evaluate these prospects and what treatment options are available?

Peter Muccilli: Mincor has number of additional gold prospects near Widgiemooltha. These include West Oliver with a current resource of 11,360oz (refer to ASX Announcement, 10 March 2016), Darlek, Bass South, Flinders and the Hronsky Prospect. These prospects are located approximately 12km from our Miitel mine and 35km from the town of Kambalda. Needless to say, this is the heart of a major gold and nickel mining district, with outstanding mining-related infrastructure already present.

The Darlek, Bass and Hronsky prospects were previously mined by means of small open pits. We believe there is potential for a healthy production plan that could see a number of shallow gold pits mined in series at Widgiemooltha. Resource estimations are now underway. Once completed, their financial viability will be tested initially using pit optimisation software. If an economic scoping-level pit shell can be determined, the results could justify an in-fill RC drilling program to upgrade the resource to an Indicated status where required. As I mentioned earlier, we have a range of toll-treating options available to us, as well investigating the merits of a centrally located heap leaching plant.

Inside Briefing: How much are you planning to spend on gold exploration and/or development studies this financial year and next? Can you put some broad timeframes around resource delineation, feasibility studies and commencement of mining for these gold deposits?

Peter Muccilli: We are very focused on advancing our gold assets. Our geologists are working on resource evaluations at our Widgiemooltha projects and a mining engineering consultancy has been engaged to carry out the mining studies. The results will be released to the market as they come to hand.

Most of the initial work will be carried out in-house, with around \$50-70,000 budgeted for external consultants. Any drilling required to confirm and/or upgrade resource levels will need a further budget, and we would see that taking place early in the next financial year. We aim to have our initial assessment completed in the current financial year.

It is too early to put a prediction on when gold mining could commence, but Jeffreys Find is far more advanced than the Widgiemooltha assets. If reserves are established at Jeffreys, the next step will be the tendering out of the mining and processing contracts.

Inside Briefing: The Feasibility Studies on the Durkin North and Miitel/Burnett nickel projects were based on a nickel price of A\$20-22,000/tonne – well above the current spot price. What are the holding costs of Mincor's nickel assets and under what circumstances would the Company make the decision to commence development of these projects?

Peter Muccilli: We have now completed the process of placing our mines onto care and maintenance, with only a few small tidy-up jobs remaining. The sites are secured and all the gear has been stored safely. We have identified some surplus non-essential equipment which will be sold. We have a budget for our site-based C&M costs for all our operations of approximately \$70,000 per month in the next financial year and we are working on ways to reduce those costs. However, this financial year our C&M costs are significantly higher as there are take-or-pay contract arrangements in place until the end of June that we have not been able to renegotiate.

The two requirements for us to develop our Durkin North mine and re-start our Miitel Mine are the nickel price reaching the trigger price established by the Definitive Feasibility Studies (refer to ASX Announcement, 10 March 2016), and a satisfactory extension of our off-take agreement or, failing that, the establishment of an alternative processing route. That said, we are working on ways to reduce the trigger price. This could be done through the

discovery of additional Ore Reserves at the projects – which is a possibility that we rate highly – or through realising a number of engineering and other opportunities identified in the feasibility studies

The other possibility for an early restart of nickel mining is the discovery of a high-grade nickel ore body, close to surface, that would be robust at current nickel prices. This is not pie in the sky and we already have a potential contender in our Cassini discovery, which has certainly given indications in some of the drill intersections of the kind of nickel grades that would be required at these nickel prices. However more drilling is needed there and it is not our immediate focus.

Inside Briefing: The Company has described these projects as providing a “clear path back to production” once nickel prices recovery. What level of production is achievable from these projects and why do they represent the best opportunity for Mincor to return to nickel production relative to your other assets?

Peter Muccilli: Positive Feasibility Studies have been completed on two growth projects – Durkin North and Miitel/Burnett. These represent the core of our future nickel option. And, of course, at Cassini we have a scoping mining study based on the existing ‘exploration target’.

Conceptually, we can see by combining the various ore sources the potential to have a production profile building to 380-400,000tpa for ~10,000tpa of nickel-in-ore per annum over five years. The first three years are based on schedules as outlined in the Definitive Feasibility Studies, with the more conceptual contribution from Cassini in the later years. It important to note that if Cassini and Miitel were mined in parallel, there are significant savings due to cost sharing between the two operations.

The schedules for Durkin and Miitel/Burnett are based on what has been defined in resources thus far and don’t include any extensions through exploration success, which history suggests would be very likely indeed. All the above assumes nickel prices at or above the trigger prices, and of course there is no guarantee that these mine developments will take place

Inside Briefing: What other activities are planned with your nickel projects over the next few months?

Peter Muccilli: Right now we are continuing to work up our greenfields targets at Cassini and Republican Hill. We see these prospects as superb, early-stage targets that require relatively low cost exploration to move forward. As I said earlier, a high-grade near-surface discovery, such as we are targeting at both these prospects, could be a game-changer for Mincor and see us back in profitable nickel production quicker than anyone had thought possible.

We are also applying some innovative geological thinking to the area around Durkin North, which lies in possibly the single most prolific part of the entire Kambalda Nickel District. We expect exciting new drill targets to emerge from this work. Finally, we intend to fully assess the improvement opportunities that were identified in the Definitive Feasibility Studies on Durkin North and Miitel, with a view to realising these opportunities if possible, and thus bringing forward the likely re-start of mining by reducing the trigger price required.

Inside Briefing: What is the Company’s current cash position? What are the major items of forecast expenditure over the remainder of this year? How much will be allocated towards gold-related activities relative to nickel? Will Mincor need to raise capital at some point this year?

Mincor had cash at 30 December 2015 of \$25.5 million. As I mentioned earlier, care and maintenance costs until the end of June are high due to the take-or-pay contracts, but after that our cash burn rate will be very manageable. We certainly do not expect to be raising money this year. Our goal is to establish the viability of our gold assets and get them into production, if warranted, using our current cash resources. If that works, we could generate enough free cash to significantly fund the re-start of our nickel mines when prices recover. Of course that is a target – an aspiration – and there are no guarantees that it will be possible. Naturally we are perfectly prepared and able to make use of the debt and equity markets as appropriate.

Inside Briefing: In summary, how would you characterise the Mincor investment proposition? What are the key upcoming news-flow catalysts which investors should look out for?

Peter Muccilli: Mincor has a unique asset in its Kambalda land-holdings, which lie at the heart of one of the most valuable gold and nickel mining provinces in the world. We have a clear strategy to realize value from that ground, and we have a long track-record of creating and protecting shareholder wealth, building and operating successful mines, and making new discoveries.

So I think we offer a very strong investment proposition. In the short term we may have a genuine opportunity in gold. If viable, our gold prospects could be rapidly developed, offering the prospect of strong near-term cash-flows and a platform on which to build a longer-term gold business. But we also remain strongly leveraged to nickel, with two Feasibility Studies completed that provide us with a solid foundation to return to production and that will enable us to re-build a long-term nickel business, especially once you add in the Cassini and Voyce discoveries as well as the tremendous exploration potential of the Kambalda nickel district. Add to all of that a healthy cash balance and our technical capability, and you can see why we are excited and energized about the future.

In terms of upcoming news-flow, there should be a steady stream of announcements over the coming months on our gold strategy as we progressively assess, optimise and complete development studies on each of our key gold prospects. I would hope that, during the second half of this year, investors will have a much clearer picture of our emerging gold story and be able to put some more specific metrics around those assets.

In terms of nickel, we will keep a close eye on developments in the nickel market before committing to further work programs. However, given the development-ready nature of our assets, we can move really quickly on this front if and when we decide to.

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The information concerning production aspirations in this announcement are not intended to be forecasts. They are internally generated goals set by the board of directors of Mincor Resources NL. The ability of the company to achieve these targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into off-take arrangements with reputable third parties.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.