

# Investor update

## August 2020



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This Presentation contains summary information about the Company and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

The historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with the

Company's other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

## **Forward-looking statements and forecasts**

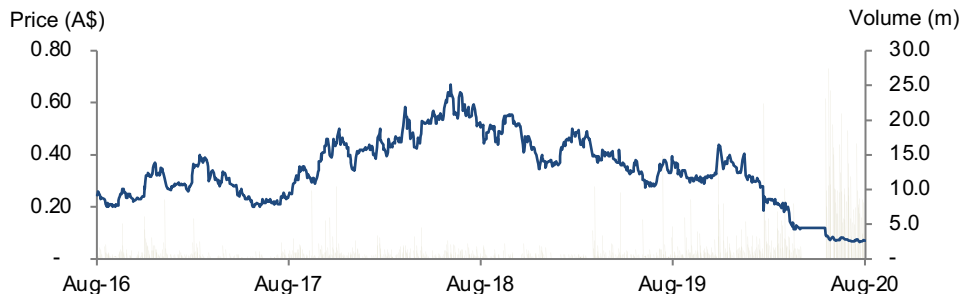
This Presentation contains certain “forward-looking statements” and comments about future matters. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the “Key Risks” in this Presentation under the caption “Key Risks” for a non-exhaustive summary of certain general and specific risk factors that may affect the Company.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this Presentation.

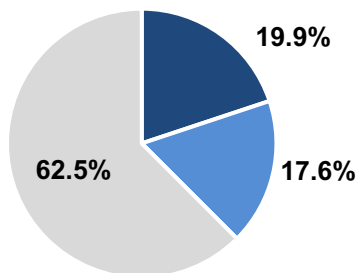
Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to supplement, revise or update forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or results or other factors affect the information contained in this Presentation.

# Corporate Overview

## SHARE PRICE AND KEY FINANCIALS



## SHAREHOLDER COMPOSITION



Western Areas Limited	Invested in June 2020
Zeta Resources Limited	Investor since 2013
Other	Institutional, high net worth and retail

## CAPITAL STRUCTURE

### CURRENT

Shares on Issue	2,050.9m
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Options on Issue	28.5m
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Share Price (10 August)	A\$0.070/share
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Market Capitalisation	A\$143.6m
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Cash (30 June 2020)	A\$31.4m
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Debt (30 June 2020)	-
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Enterprise Value	A\$112.2m
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# Board and Management



## **Nicholas Cernotta, Non-Executive Chair**

- Appointed: May 2018 as Non-Executive Director, May 2020 as Chairman
- 30+ years in mining industry with senior operational and executive roles in Australia and overseas
- Previously Director of Operations at Fortescue Metals Group, COO (Underground, International and Engineering) at Macmahon and Director of Operations for Barrick Australia Pacific
- Currently a Non-Executive Director of Pilbara Minerals, Northern Star Resources and New Century Zinc



## **Victor Rajasooriar, Managing Director & CEO**

- Appointed: November 2019
- 25+ years in mining industry with operational and technical experience across both underground and open pit operations
- Previously Managing Director of Echo Resources, CEO of Eastern Goldfields and COO of Barminto
- Holds a Bachelors of Mining Engineering from the WA School of Mines and a WA First Class Mine Managers Certificate



## **Peter Sullivan, Non-Executive Director**

- Appointed: Oct 2015 as Non-Executive Director
- 20+ years in mining industry with roles in engineering, corporate finance, investment banking, management and public company directorships
- Currently Non-Executive Chairman of Zeta Resources, a resources focused holding and development company
- Previously Managing Director of Resolute Mining for 14 years



## **Rebecca Hayward, Non-Executive Director**

- Appointed: June 2018
- Experienced infrastructure and resources lawyer with a background in mining, energy and large scale infrastructure transactions
- Currently manages the legal, contracts and procurement function for the Projects division of Fortescue Metals Group
- Previously a Senior Associate at Clayton Utz in the Melbourne Construction and Major Projects team



## **Gillian Swaby, Non-Executive Director**

- Appointed: October 2019
- Experienced mining executive with a broad skill set across a range of corporate, finance and governance areas
- Previously an Executive Director for uranium company Paladin Energy for 10 years
- Currently an Executive Director of Deep Yellow and a Non-Executive Director of Comet Ridge



## **Michael Ball, Chief Financial Officer**

- Appointed: December 2019
- 20+ years of experience in corporate finance, principally within the resources industry
- Previously CFO of Gascoyne Resources (2018-2019) and CFO of Alkane Resources (2012-2018)
- Chartered accountant (BCom AGIA)

# Nickel, operational and exploration leverage

## A high quality, long life nickel sulphide asset

- ✓ Significant Ore Reserves and Mineral Resources
- ✓ More than \$100 million invested in mining, processing and site infrastructure with +13 years of operating history
- ✓ A largely untouched orebody at Savannah North which remains open along strike and at depth

## Asset, balance sheet and strategy now reset

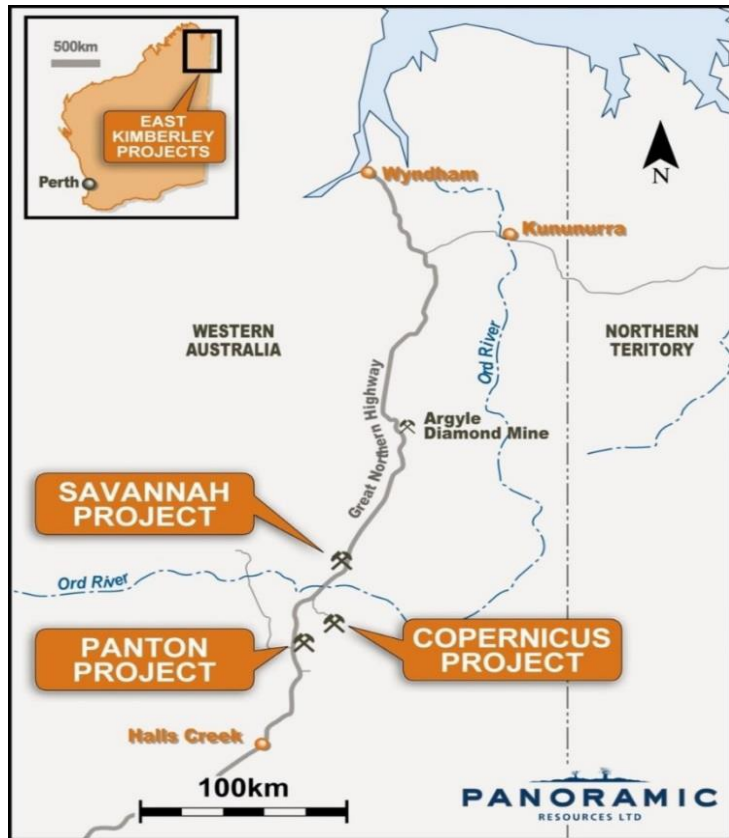
- ✓ Operations temporarily suspended in April 2020
- ✓ Mineral Resource, Ore Reserve and Mine Plan all updated based on more conservative assumptions
- ✓ Recapitalisation completed with all debt repaid and more than \$30 million cash for future growth activities
- ✓ Unhedged with leverage to AUD nickel prices

## Capital development and exploration now resuming

- ✓ Pre-production capital development by Barmenco commenced this month
- ✓ Works will leave Savannah capable of restart in H1 2021 with full flexibility of restart timing maintained
- ✓ Drill testing of near mine and regional nickel sulphide targets to begin in September 2020



# Savannah Project



## 1Mtpa Processing Plant



## Paste Plant



## Tailings Storage Facility



## 14 MW Power Station

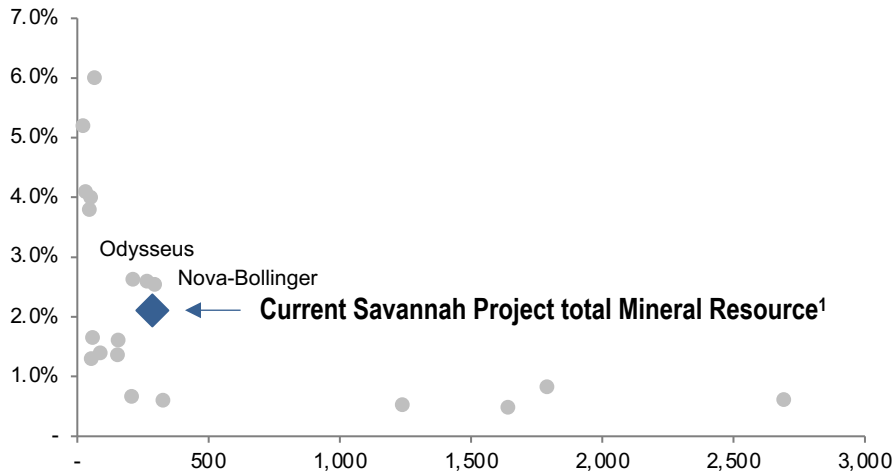


# Savannah is a high quality nickel asset

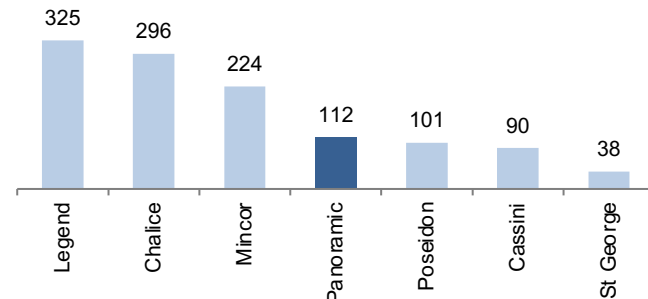
**Ore Reserve:** 8.3Mt @ 1.23% Ni, 0.59% Cu and 0.08% Co for 102kt Ni, 48.5kt Cu and 7kt Co contained metal

**Mineral Resource:** 13.45Mt @ 1.56% Ni, 0.7% and 0.1% Co for 209.8Kt Ni, 94.2kt Cu and 13.7kt Co contained metal

**Australian Nickel Sulphide Mines & Projects**  
(+20kt NiEq contained metal in Mineral Resources<sup>2</sup>)



**Enterprise Value of ASX-Listed Nickel Sulphide Developer & Explorer Peers**



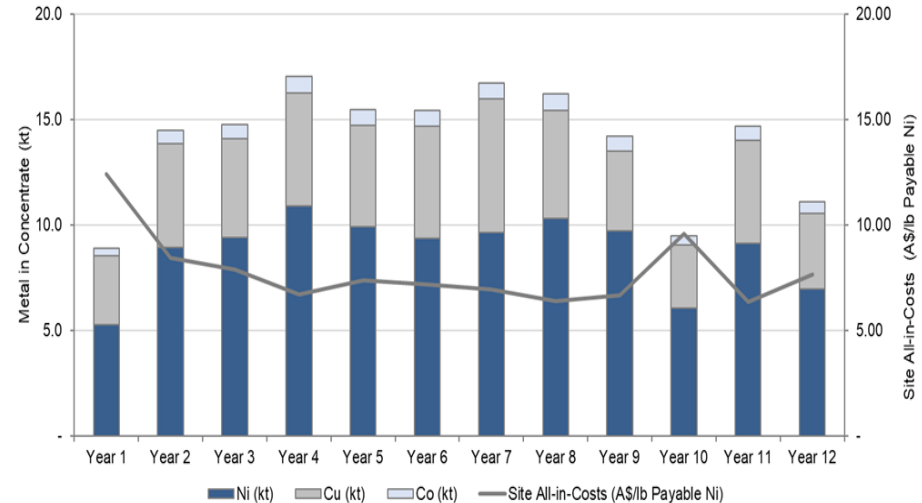
Ore Reserves <sup>1,2</sup> (NiEq kt cont.)	n.a.	n.a.	65 <sup>3</sup>	140	28	322 <sup>3</sup>	n.a.
Mineral Resources <sup>1,2</sup> (NiEq kt cont.)	n.a.	n.a.	196 <sup>3</sup>	284	471	619 <sup>3</sup>	n.a.
Process Plant?	✗	✗	✓ <sup>4</sup>	✓	✓	✗	✗

1. Refer to Appendix for Panoramic Mineral Resource and Ore Reserves tables
2. Mineral Resources and Reserves sourced from company announcements. NiEq grade and NiEq contained metal in Mineral Resource and Reserves for all projects calculated based on prevailing spot metal prices at 10 August 2020 (i.e. Ni US\$14,235/t, Cu US\$6,394/t, Co US\$33,079/t).
3. Mincor reported exclusive of the Widgemooltha Gold and Tottenham Copper-Gold projects. Cassini exclusive of Ag, Au, Pd, Pt, Co by-products.
4. Mincor has the right to process up to 600ktpa of nickel sulphide ore at the Kambalda Nickel Concentrator.

# Savannah updated Mine Plan

- Mine plan developed by specialist independent consultants Entech based on updated Ore Reserve
- Outcomes confirm an attractive, near-term restart opportunity
- Key physical outcomes include:
  - Increased mine life of approximately 13 years
  - Majority of ore sourced from Savannah North
  - Average annual production in first 12 years of 8,810t Ni, 4,597t Cu and 659t Co
  - Clean bulk concentrate with attractive Fe:MgO and Ni:Fe ratios
- Key assumptions underpinning these outcomes include:
  - Inventory: 80.7% Reserves and 19.3% Inferred Resource
  - Cut-off grade: NSR of \$135/t
  - More conservative cost assumptions
  - Contractor mining with new equipment
  - Global average planned and unplanned dilution of 22%
  - Mining Recoveries of 90%
  - Processing recoveries average 83% Ni, 98% Cu and 92% Co

## Mine Plan: Metal in Conc (kt) & AIC (A\$/lb Ni)



1. All-in cash costs shown are inclusive of all site and transport operating costs, capital costs, royalties, and net of by-product credits, but exclusive of corporate and exploration costs. Calculated using Reserve (Base case) pricing of (US\$15,750/t Ni, US\$6,300/t Cu, US\$38,500/lb Co) and AUD:USD rate of 0.70



# Mine plan – attractive financial outcomes

- Attractive Financials based on Base Case (Reserve modelling) and Consensus pricing
- Base case pricing flat for LOM with Consensus pricing rising over time (see tables below)
- Flat AUD:USD exchange rate of 0.70 assumed in both cases
- All-in cash costs are inclusive of all site and transport operating costs (updated for contractor costs), capital costs, royalties, and net of by-product credits, but exclusive of corporate and exploration costs

Site Costs	Base Case (A\$M)	Consensus Case (A\$M)
Life of Mine Capital Costs	223	223
Life of Mine Operating Costs	1,384	1,384
<b>Total Life of Mine Site Costs</b>	<b>1,607</b>	<b>1,607</b>
Site Unit Costs (LOM Average)	A\$/lb payable Ni	A\$/lb payable Ni
Capital Costs	\$1.12	\$1.12
Operating Costs	\$8.29	\$8.29
By Product Credits	\$(2.47)	\$(2.92)
<b>Site All-in Costs</b>	<b>\$7.54</b>	<b>\$7.14</b>
Financial Summary	A\$M	A\$M
Gross Revenue	\$2,289	\$2,480
Pre-Tax Cashflow	\$468	\$637
Pre-tax NPV <sub>8</sub>	\$262	\$343
Pre-tax IRR	67%	61%

## Base Case

Item	US\$/t	A\$/t
Nickel	15,750	22,500
Copper	6,300	9,000
Cobalt	38,500	55,000

## Consensus Case

Item	2020	2021	2022	2023	2024	2025	2026+
Nickel (US\$/t)	12,606	13,903	14,741	15,012	15,628	16,077	17,595
Copper (US\$/t)	5,335	5,787	6,154	6,258	6,469	6,765	7,351
Cobalt (US\$/t)	36,206	38,512	42,668	43,539	46,794	48,950	53,457

Activities planned to be undertaken in FY21 are anticipated to drive operational performance, reduce risk and leave the mine capable of being restarted at the end of FY21.

## 1 Capital works to de-risk the mine and increase flexibility

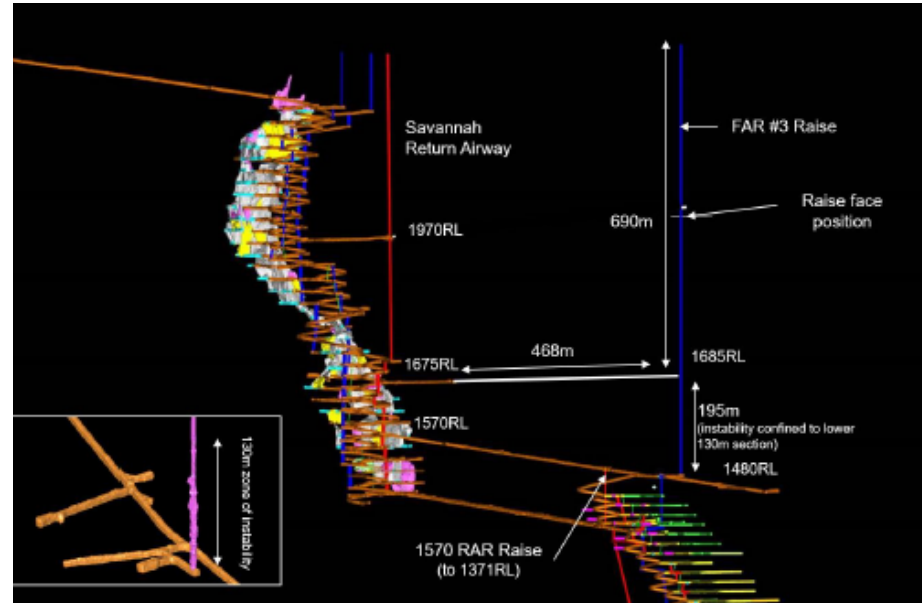
- Complete underground development towards ventilation raise bore – commenced 1 August 2020
- Complete Savannah North ventilation raise bore and associated works (FAR #3) – complete by March 2021
- Advance decline and incline development, to open up the Savannah North orebody – complete by March 2021
- Increase development runway to reduce reliance on remnant Savannah orebody

## 2 Exploration

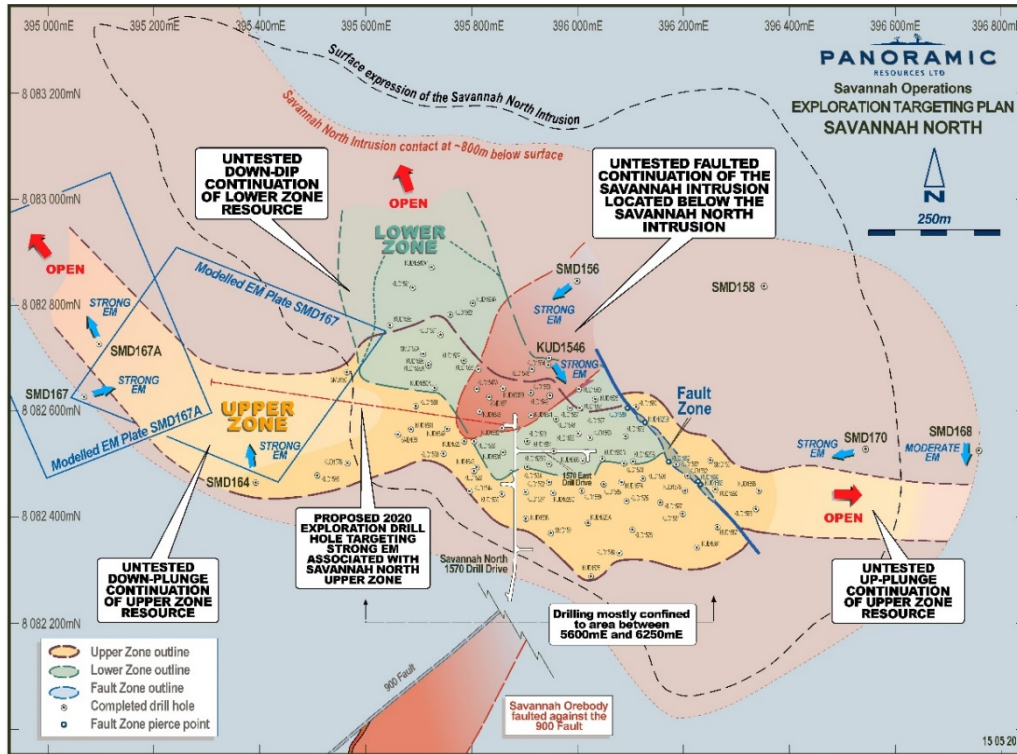
- Underground drilling of EM targets interpreted as potential Savannah North upper zone extension – September 2020
- Deep drilling and EM surveying of untested Oxide and Stoney Creek ultramafic intrusions – commencing October 2020
- Mapping and drill testing of regional ultramafic targets including Nortons – commencing October 2020

## The Fresh Air Raise #3 is a critical piece of infrastructure for achieving planned ore tonnages from Savannah North.

- Work on the Fresh Air Raise (FAR #3) was halted in December 2019 due to ground stability issues
- Following an options analysis, a preferred strategy to complete FAR #3 was identified:
  - Remaining development of a 468m access drift from the 1675m RL drill drive, to intersect the partially completed raise
  - Excavation and support of a chamber at this intersection to allow reattachment of the reaming head
  - Continuation of back-reaming to surface (~350m)
  - Establishment of surface & underground infrastructure to allow the raise to be commissioned as a fresh air intake as originally intended
- Barmingo have completed 127m (out of 468m), ahead of plan



# Savannah North near-mine exploration



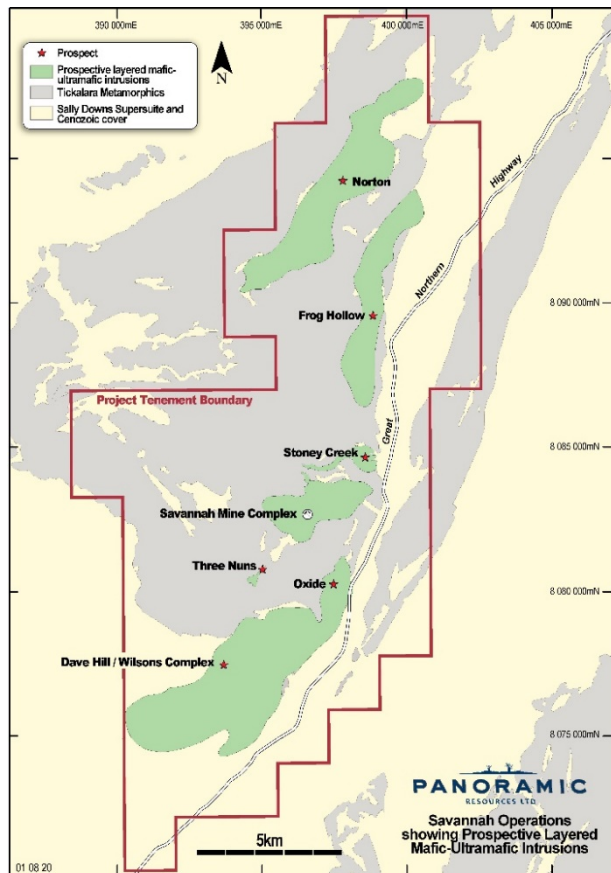
- Mineral Resource drilling completed to date is mostly confined to the Savannah North Upper and Lower zones within an area between 5600mE to 6250mE
- Exploration drilling and associated DHEM surveying indicates the Savannah North mineralisation may extend well beyond this area
- Exploration upside includes:
  - Only half of the potential Upper Zone mineralisation has been adequately tested
  - The Upper Zone remains open up-plunge to the east and down-plunge to the north-west
  - The Lower Zone remains open down-plunge to the north
- Drilling in September 2020 will test the potential down-plunge extension of the Upper Zone and modelled EM plates SMD167 and SMD167A

Refer ASX announcement dated 28 October 2015, titled "Quarterly Report for the Period Ending 30 September 2015"

Refer ASX announcement dated 31 January 2017, titled "Quarterly Report for the Period Ending 31 December 2016"

Refer ASX announcement dated 10 October 2019, titled "Savannah North Drilling and Development Update"

# Regional exploration opportunities



- Several other mafic / ultramafic intrusive bodies occur at Savannah<sup>1</sup>
- CSIRO age dating indicates these are part of the same magmatic event as the Savannah and Savannah North mineralised bodies
  - CSIRO studies have commenced to better understand and help prioritise exploration on these surrounding intrusions
- Minimal drilling has been undertaken outside of the main Savannah and Savannah North orebodies to test these intrusive bodies
- Work commencing in September 2020 will focus on:
  - Oxide & Stoney Creek – surface diamond drilling followed by deep penetrating EM surveying
  - Norton – ground EM surveying, followed by surface drilling

1. Refer to ASX Company announcement dated 3 August 2020.

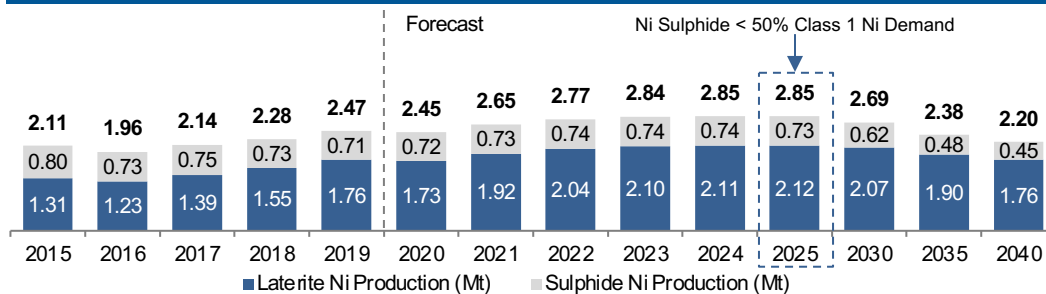


# Demand and strong price outlook driven by EVs

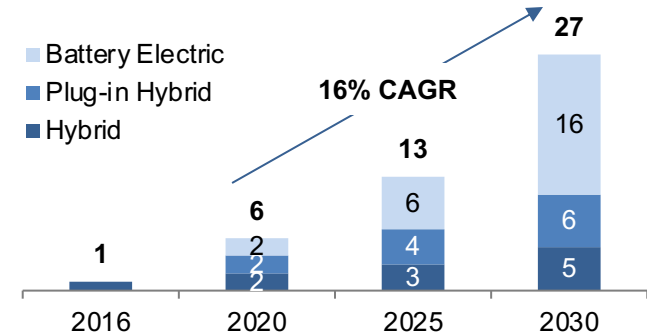
**“Tesla will give you a giant contract for a long period of time if you mine nickel efficiently and in an environmentally sensitive way,” Elon Musk, July 2020**

- The nickel market is already estimated to be in a supply-demand deficit
- Electric vehicle production is expected to be the source of the vast majority of demand growth in the next decade
- Rapid transformation of the European and Chinese vehicle markets towards EVs
  - Germany recently announced federal subsidies of €6,000 for EV purchases, €2.5bn expenditure on charging points and battery cell production and, lower EV vehicle tax
- Savannah offtake partner Jinchuan is increasing nickel sulphate production
- Very few new nickel sulphide operations in the global project pipeline
  - Sulphide production expected to remain flat to 2025 and then decline at a CAGR of (3.4)% to 2040

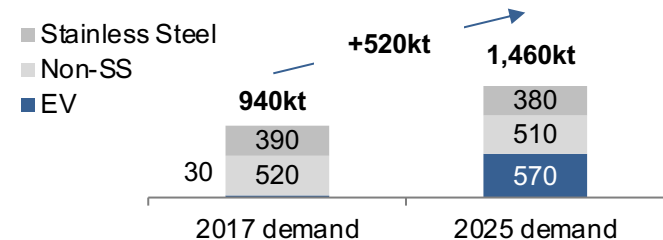
**Global Nickel Production (Mtpa)<sup>2</sup>**



**Anticipated Growth in EV  
(millions of vehicles produced per year)<sup>1</sup>**



**Demand for Class 1 Nickel (ktpa)<sup>3</sup>**



1. Lithium and Cobalt – a Tale of Two Commodities (McKinsey & Company, 2018). Note base case is shown, aggressive case anticipates even greater growth rates.  
 2. WoodMac production forecasts and historical data as at 18-Mar-20.  
 3. The future of nickel: a class act (McKinsey & Company, 2017). Class 1 Nickel defined as a product with 99.8% Ni content or above.

# Investment summary

Long life, high quality nickel sulphide asset with significant Ore Reserves and Mineral Resources	More than \$100 million invested in mining, processing and site infrastructure with +13 years of operating history	A largely untouched orebody at Savannah North which remains open along strike and at depth
Updated Mine Plan has outlined a 13 year mine life with attractive financial outcomes including a base case NPV <sub>8</sub> of A\$262M	Underground development underway and on-ground exploration set to resume	Savannah expected to be ready for restart in H1 2021 with full flexibility of restart timing maintained

# APPENDIX – RESERVES & RESOURCES



# Savannah Project Mineral Resource Estimate (May 2020)

Resource	Date	Metal	JORC Compliance	Measured		Indicated		Inferred		Total		Metal Tonnes
				Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah (above 900F)	Apr 20	Nickel	2012	1,010,000	1.44	565,000	1.77	-	-	1,575,000	1.56	24,500
		Copper			0.80		1.44				1.03	16,200
		Cobalt			0.07		0.08				0.07	1,200
Savannah (below 900F)	Jun 15	Nickel	2012	-	-	780,000	1.64	125,000	1.72	905,000	1.65	14,900
		Copper			-		0.76		0.75	-	0.76	6,900
		Cobalt			-		0.10		0.09	-	0.10	900
Savannah North (Upper)	Apr 20	Nickel	2012	1,840,000	1.48	3,050,000	1.43	1,544,000	1.25	6,434,000	1.40	90,100
		Copper			0.66		0.57		0.42		0.56	35,900
		Cobalt			0.10		0.10		0.07		0.09	6,100
Savannah North (Lower)	Apr 20	Nickel	2012	-	-	2,654,000	1.84	958,000	1.67	3,612,000	1.79	64,800
		Copper			-		0.90		0.73		0.85	30,800
		Cobalt			-		0.13		0.11		0.12	4,500
Savannah North (Other)	Apr 20	Nickel	2012	46,000	1.71	414,000	1.34	470,000	1.93	930,000	1.66	15,400
		Copper			0.49		0.48		0.46		0.47	4,400
		Cobalt			0.12		0.09		0.12		0.11	1,000
Total (Equity)		Nickel								13,456,000	1.56	209,800
		Copper									0.70	94,200
		Cobalt									0.10	13,700

# Savannah Project Mineral Resource Estimate (May 2020)

## Qualifying Statements and Notes:

Refer to ASX announcement dated 7 May 2020 covering the Savannah Project May 2020 Mineral Resource update for detailed assumptions and estimation methodologies.

Figures have been rounded and therefore may not add up exactly to the reported totals.

All Mineral Resources are inclusive of Ore Reserves.

Mineral Resource cutoff grade is 0.50% Ni.

## Cross references to previous Company ASX announcements:

Savannah (above 900F) – refer to ASX announcement of 30 September 2019, titled "Mineral Resources and Ore Reserves at 30 June 2019"

Savannah (below 900F) – refer to ASX announcement of 30 September 2015, titled "Mineral Resources and Ore Reserves at 30 June 2015"

Savannah North – refer to ASX announcement of 24 August 2016, titled "Major Resource Upgrade for Savannah North"

## No New Information or Data

The Mineral Resource estimate tabled above for Savannah (below 900F), have been previously reported and the relevant market announcements cross referenced. Except where stated otherwise, the Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimate of Mineral Resources, that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed.

## Ni Equivalent References

References to Ni equivalent contained metal in Mineral Resources and Ore Reserves is based on assumed metal prices as noted in footnotes and calculated using the formula  $Ni\ Eq\ kt = [(Ni\ grade * Ni\ price + Cu\ kt * Cu\ price + Co\ kt * Co\ price) * Total\ Mineral\ Resource\ Tonnes] / Ni\ price$ . Ni equivalent grade % in Mineral Resources are calculated on the formula  $Ni\ Eq\ \% = Ni\ Eq\ kt / Total\ Mineral\ Resource\ tonnes$ . It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential of being recovered and sold. Metallurgical recoveries for all metals are assumed to be equal.



# Savannah Project Ore Reserve Estimate (June 2020)

Ore Reserve	Metal	Proved		Probable		Total		Metal Tonnes
		Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah	Nickel	1,233,000	0.95	-	-	1,233,000	0.95	11,700
	Copper		0.66		-		0.66	8,100
	Cobalt		0.05		-		0.05	600
Savannah North	Nickel	1,795,000	1.21	5,246,000	1.28	7,041,000	1.28	90,100
	Copper		0.54		0.57		0.57	40,400
	Cobalt		0.09		0.09		0.09	6,400
Total	Nickel	3,028,000	1.10	5,246,000	1.28	8,274,000	1.23	101,800
	Copper		0.59		0.57		0.59	48,500
	Cobalt		0.07		0.09		0.08	7,000

## Qualifying Statements and Notes:

Calculations have been rounded to the nearest 1,000t of ore, 0.01% Metal grade and 100t of metal

Savannah & Savannah North Ore Reserve average cut-off (NSR) of \$135/t.

## Competent Person Statement

The information in this presentation that relates to Ore Reserves for Savannah and Savannah North is based on information compiled by or reviewed by Shane McLeay. Mr McLeay is a fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Principal Mining Engineer and full-time employee of Entech Consulting based in Perth, Western Australia.