



# Annual General Meeting 2020

17 November 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.

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

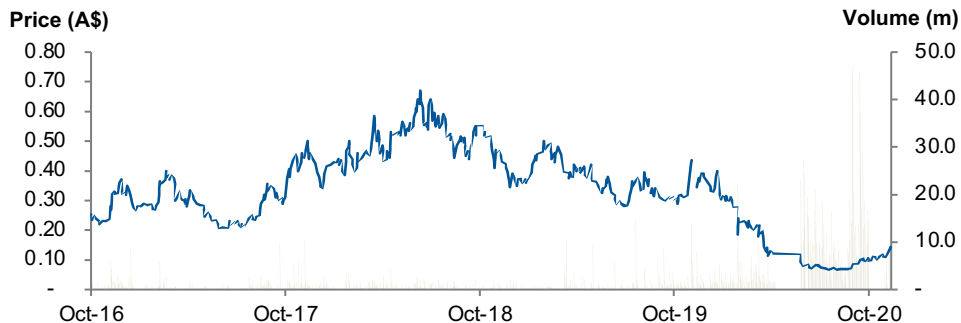
This Presentation contains certain "forward-looking statements" and comments about future matters. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. 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.

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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 volumes



## Shareholder composition



## Capital structure

### Current

|                 |          |
|-----------------|----------|
| Shares on Issue | 2,050.9m |
|-----------------|----------|

|                  |       |
|------------------|-------|
| Options on Issue | 28.5m |
|------------------|-------|

|                           |                |
|---------------------------|----------------|
| Share Price (16 Nov 2020) | A\$0.145/share |
|---------------------------|----------------|

|                       |         |
|-----------------------|---------|
| Market Capitalisation | A\$297m |
|-----------------------|---------|

|                    |        |
|--------------------|--------|
| Cash (30 Sep 2020) | A\$27m |
|--------------------|--------|

|                    |     |
|--------------------|-----|
| Debt (30 Sep 2020) | Nil |
|--------------------|-----|

|                  |         |
|------------------|---------|
| Enterprise Value | A\$271m |
|------------------|---------|

# 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**

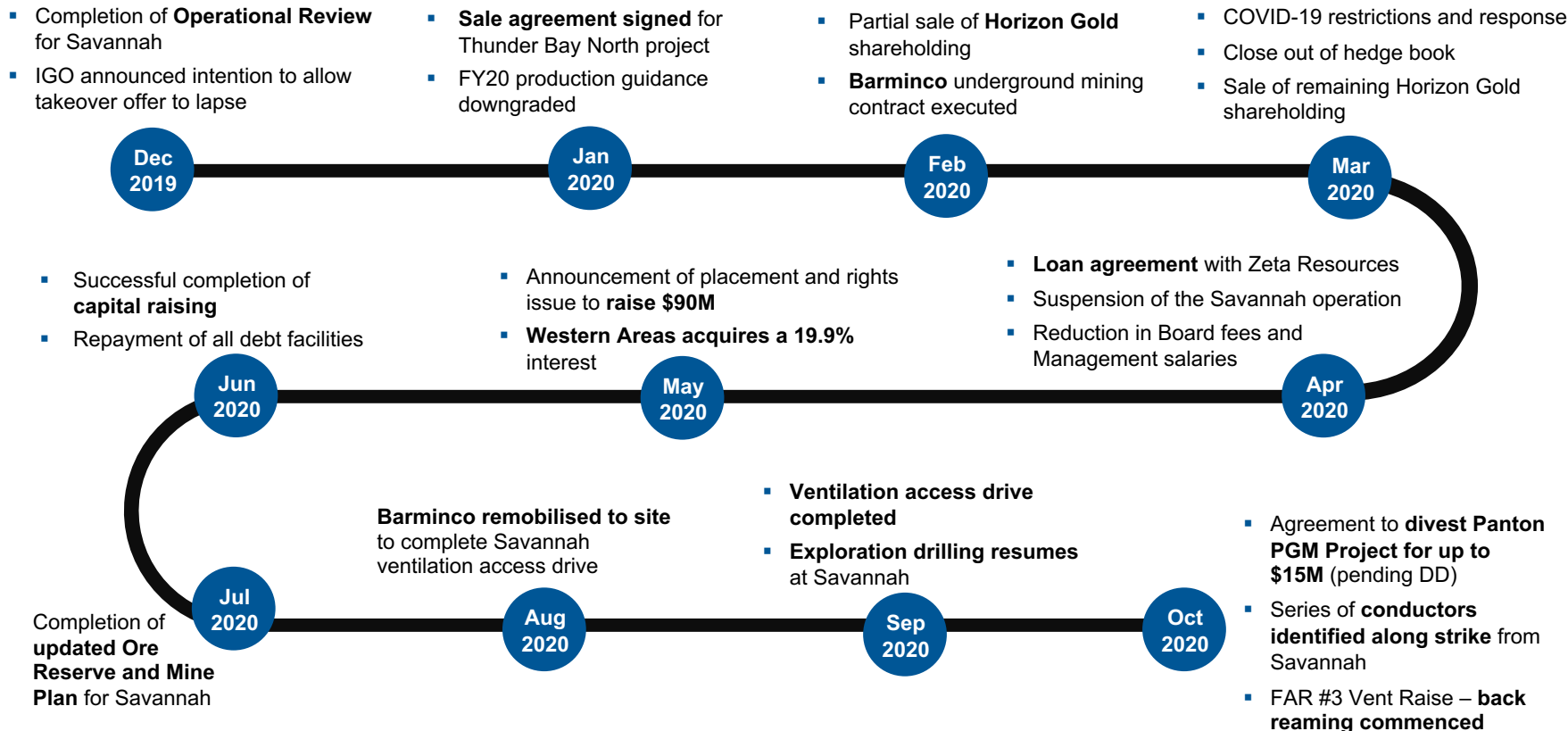
- Appointed: October 2019
- Experienced mining executive with a broad skill set across a range of corporate, finance and governance areas
- Previously an Executive Director for uranium company Paladin Energy for 10 years
- Currently an Executive Director of Deep Yellow and a Non-Executive Director of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



## **Grant Dyker, Chief Financial Officer**

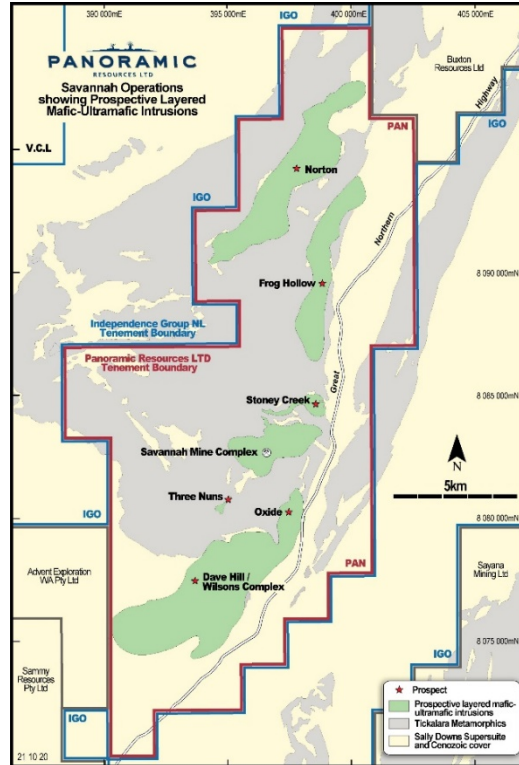
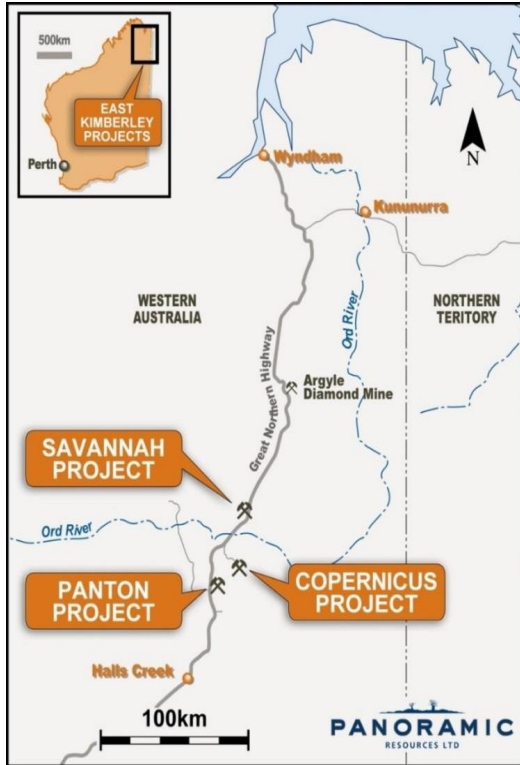
- Appointed: September 2020
- 15 years of experience in CFO roles at ASX-listed resources companies with extensive experience in project finance, feasibility studies and tendering
- Previously CFO of Dacian Gold, Sirius Resources, Doray Minerals, Avoca Resources and Aztec Resources
- Chartered Accountant and Registered Tax Agent

# A year is a long time in nickel...





# Savannah Project



1Mtpa Processing Plant



Paste Plant



Tailings Storage Facility



14 MW Power Station



# 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
- ✓ No debt and \$27 million cash for future growth activities
- ✓ Unhedged with leverage to AUD nickel prices

## Project De-risking and exploration underway

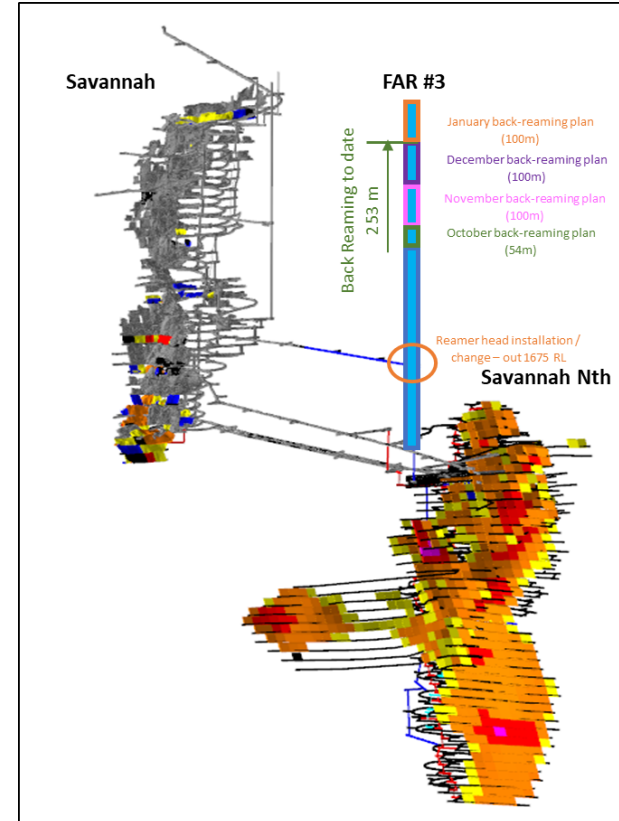
- ✓ Pre-production capital development by Barminto commenced in August 2020
- ✓ Completion of ventilation raise FAR #3 advancing
- ✓ Works will leave Savannah capable of restart in 2021 with full flexibility of restart timing maintained
- ✓ Drill testing of near mine extension targets from underground underway

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

- Back-reaming of the Savannah North ventilation raise (FAR #3) ahead of schedule (253m completed, with 101m remaining) – **expected completion in December vs. March Quarter 2021**
- Advance underground decline and incline development, targeting four levels to support future mining – **expected completion in December vs. March Quarter 2021**
- Complete capital infrastructure projects – Paste line, power upgrade, surface fan refurbishment – **March Quarter 2021**

## 2 Exploration to test large near mine EM Plates

- Underground drilling of potential Savannah North upper zone extension targets – **Ongoing**
- Mapping and drill testing of regional ultramafic targets including Nortons – **March Quarter 2021**





# Mine Plan – attractive financial outcomes

- Mining assumptions conservative – dilution at 22%, mining recoveries of 90% and process recoveries of low 80s
- Attractive Financials based on Base Case (Reserve modelling) and Consensus pricing, with flat AUD:USD exchange rate of 0.70
- All-in cash costs 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

## Upside opportunities

- A high standard of mining practice - reducing dilution (grade uplift)
- Improved offtake terms post existing contract (Feb 2023)
- Hydro power extension from Argyle mine (vs diesel power plant)
- Argyle Air strip – improves logistics

| 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                     | <b>\$468</b>      | <b>\$637</b>          |
| Pre-tax NPV <sub>8</sub>             | <b>\$262</b>      | <b>\$343</b>          |
| 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

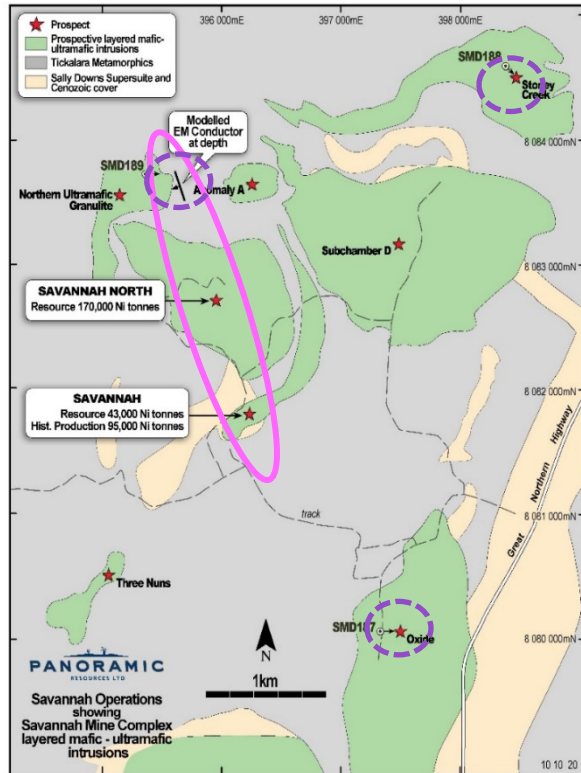
| Item            | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026+  |
|-----------------|--------|--------|--------|--------|--------|--------|--------|
| Nickel (US\$/t) | 12,606 | 13,903 | 14,741 | 15,012 | 15,628 | 16,077 | 17,595 |
| Copper (US\$/t) | 5,335  | 5,787  | 6,154  | 6,258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

# Key considerations on the timing of a restart

- **Completion of de-risking activities** (including FAR #3, opening of a minimum four mining levels UG and ancillary infrastructure projects)
- **Pricing stability and outlook for nickel, copper and cobalt concentrates** (ideally a sustained Ni price above A\$10/lb)
- **COVID-19 related restrictions** (lifting of border and quarantine requirements in WA, UG fleet manufacturer impacts - Finland / Sweden)
- **Ability to readily access skilled labour in a competitive market** (process plant operation – owner vs contractor model, retention initiatives)
- **Availability of mining equipment** (lock in build and delivery timing for new fleet via UG mining contractor, next shipment June / July 2021)
- **Confirmation of any additional capital requirements and assessment of financing options** (a sufficient buffer of A\$40-50M could be attained from a combination of offtake pre-payments, Panton sale and a small working capital facility via tier 1 banks)

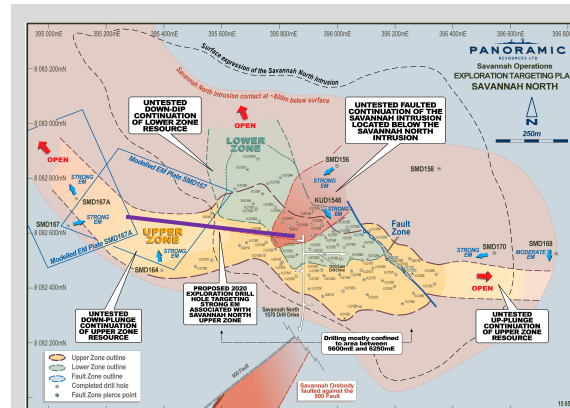


# Exploration aimed at enhancing Mine Plan



## Surface drilling

- Completion of three stratigraphic drill holes testing new targets completed
- Downhole EM surveying of has identified a series of off-hole conductors located directly along strike to the north of Savannah and Savannah North
- Downhole EM surveying of the two remaining holes yet to be completed and analysed
- Approvals pending to drill test the Norton intrusion target in the north of the tenement area
- Next drilling program to be conducted in the March quarter 2021 following the wet season



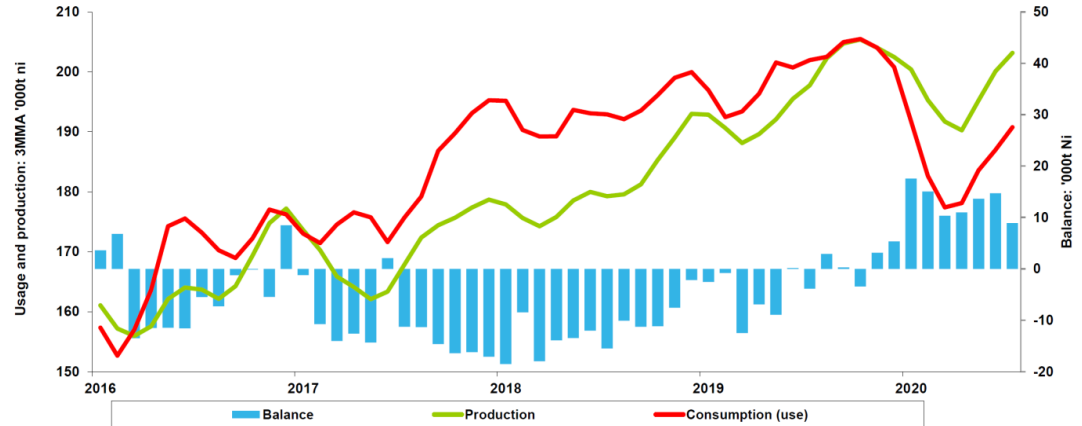
## Underground drilling

- Strong downhole EM anomalies interpreted to be a potential westward extension of the Savannah North Upper Zone
- Initial 900m diamond hole testing underway on single shifting and due for completion by end of November 2020
- Results expected in December 2020

# Short-term demand driven by stainless steel

- More than two thirds of current nickel demand is for stainless steel use
- A demand drop due to COVID-19 resulted in the market reverting to surplus for most of 2020
- Stainless steel production now recovering has seen the nickel price increase ~15% since mid-2020
- Some recent softness due to softening stainless steel demand however the longer-term outlook remains bullish

Fig 9 INSG reported monthly global supply & demand to July 2020: both supply and demand recovering but surplus remains



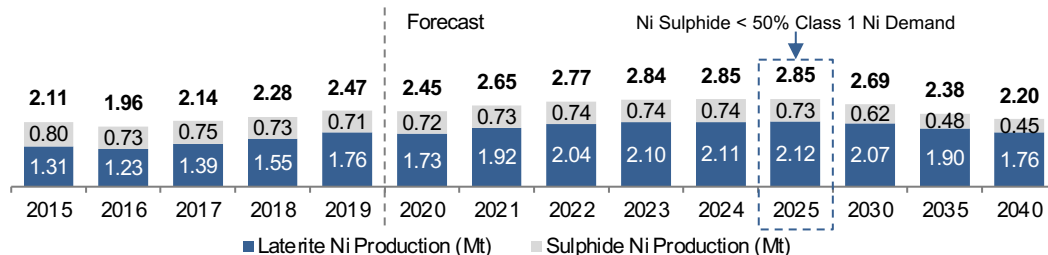
Source: INSG, Macquarie Commodities Strategy, September 2020

# Longer-term outlook driven

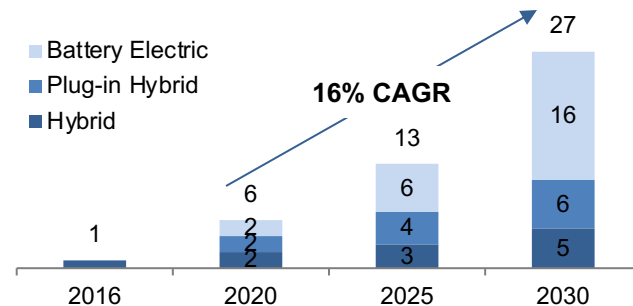
## Committed investment by vehicle manufacturers into electrification from 2017 – 2025 is now +US\$500 billion and still growing<sup>1</sup>

- Electric vehicle batteries currently account for less than 5% of nickel demand
- Rapid transformation of the European and Chinese vehicle markets towards Evs:
  - High purity Class 1 nickel is the most important metal required in battery production
  - Savannah offtake partner Jinchuan currently increasing nickel sulphate production
- A significant increase in nickel production will be required to satisfy this new source of demand with very few new nickel sulphide operations in the global project pipeline:
  - Sulphide production forecast to remain flat from now until 2025 and then decline at a CAGR of (3.4)% to 2040
- An ethical nickel supply chain is becoming increasingly important for consumers

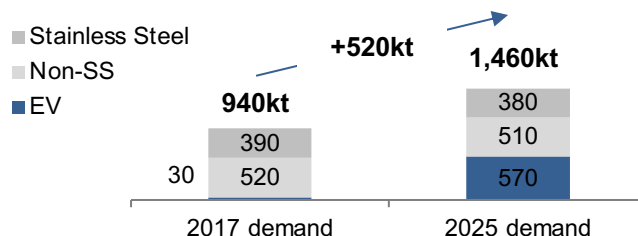
### Global Nickel Production (Mtpa)<sup>3</sup>



### Anticipated Growth in EV (millions of vehicles produced per year)<sup>2</sup>



### Demand for Class 1 Nickel (ktpa)<sup>4</sup>



1. Rho Motion presentation 21 September 2020  
 2. Lithium and Cobalt – a Tale of Two Commodities (McKinsey & Company, 2018). Note base case is shown, aggressive case anticipates even greater growth rates.  
 3. WoodMac production forecasts and historical data as at 18-Mar-20.  
 4. 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

Exciting near mine and regional exploration targets with potential to enhance Mine Plan being tested in the coming months

Savannah expected to be ready for restart in 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.