



Pure Minerals Limited

16 October 2019

ASX Announcement

EXTENSION OF ORE SUPPLY AGREEMENT

- **Term of agreement for supply of high grade Ni-Co lateritic ore from New Caledonia extended from five years to 10 years**
- **Additional five years of supply available by agreement**
- **Greater certainty around long-term ore supply improves prospects of securing TECH Project funding**
- **Current strength in nickel price and potential of Indonesian nickel ore export ban being brought forward also positive for TECH Project**

Pure Minerals Limited (ASX:PM1) ("**PM1**" or "the **Company**") is pleased to provide the following update in relation to its wholly owned subsidiary, Queensland Pacific Metals Pty Ltd ("**QPM**") and the Townsville Energy Chemicals Hub ("**TECH Project**").

Ore Supply Agreement

QPM and its ore supply partners Societe des Mines de la Tontouta ("**SMT**") and Societe Miniere Georges Montagnat S.A.R.L ("**SMGM**") have agreed to extend the term of the ore supply agreement for the TECH Project to 10 years (from date of first ore supply), with an additional five-year option period upon mutual agreement. The original agreement was for a five-year term. All other key terms of the agreement remain the same (refer to ASX Announcement 15th October 2018).

The extension of the ore supply agreement comes at a time when the value of nickel ore has been increasing and security of supply is critical. This is in light of the Indonesian Government announcing its intentions to bring forward the ban of exported nickel ore from Indonesia from 2022 to 2020. The majority of Indonesian nickel ore is currently exported to China and many nickel processing plants will face significant supply issues.

The purchase price of ore under the ore supply agreement is commercial in confidence, however it is linked to the price of nickel and cobalt. The pricing of the agreement is such that whilst a higher nickel price increases the cost paid per tonne of Ni-Co ore, the Scoping Study completed by QPM indicated that the overall financials of the TECH project improve at higher nickel prices. The Pre-Feasibility Study is expected to provide further confirmation of this.

Most importantly, the increase in the term of the ore supply agreement improves the financing prospects of the TECH Project. The longer tenure will provide potential financiers with greater confidence that feed is secured for the life of the plant.

PM1 Managing Director John Downie commented,

“The extension of the ore supply agreement demonstrates the clear support of our ore supply partners SMT and SMGM for the TECH Project. Since the acquisition of QPM, the TECH project has been advancing well and our partners have recognised this. The value of this ore supply agreement should not be underestimated in light of the potential Indonesian bans. The high nickel and cobalt grades associated with the New Caledonian ore provides the TECH project with a strong competitive advantage against other projects contemplating the processing of significantly lower grade ore. We look forward to delivering the Pre-Feasibility Study and continuing to advance in keeping with our project schedule.”

Pre-Feasibility Study (“PFS”) Update

QPM continues to advance through its PFS for the TECH Project with lead engineering consultant Lycopodium. As part of the PFS, QPM and Lycopodium have requested quotes from suppliers for various equipment required to construct the plant. The majority of quotes have now been received, however this process has taken longer than originally forecast. As such, QPM wishes to advise that there will be a slight delay with respect to the completion of the PFS. QPM’s expectation is that the PFS will be complete well within the current quarter.

Further information:

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