



## Pure Minerals Limited

**ASX Announcement**

**30 April 2019**

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### **Quarterly Activities and Cashflow Report** for quarter ending 31 March 2019

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Pure Minerals Limited (ASX: PM1) ("**Pure Minerals**" or "**the Company**") is pleased to provide the following update on its activities during the quarter ending 31 March 2019.

#### **Acquisition of Queensland Pacific Metals Pty Ltd**

Pure Minerals entered into a binding option agreement with Queensland Pacific Metals Pty Ltd ("**QPM**") to acquire 100% of the issued capital in QPM ("**Acquisition**") (see ASX announcement on 15 October 2018). QPM is a private Australian company proposing to become a producer of battery metals nickel sulphate and cobalt sulphate.

#### *Exercise of Option to Acquire QPM*

On 25 February 2019, the Company exercised its option to acquire QPM on the back of the positive scoping study results and the strong outlook for nickel and the battery materials sector.

The Company has released a Notice of Meeting in order to seek the relevant shareholder approvals in relation to the Acquisition (as described in PM1's announcement of 28 March 2019).

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 initial 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.

The first performance milestone is the 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.

#### *QPM Positive Scoping Study Results*

The Scoping Study was compiled by QPM with assistance from lead consultant Boyd Willis Hydromet Consulting (“BWHC”). The positive scoping study results have resulted in QPM committing to undertake a Pre-Feasibility Study (“PFS”) to assess the project in greater detail..

During the quarter, QPM prepared a scope of works for the PFS and issued a Request for Proposal to shortlisted parties. This tender process is expected to be complete next quarter and a reputable party appointed to undertake the PFS.

Highlights from the Scoping Study are:

- Annual primary production of approximately 25,400 tpa nickel sulphate and 3,000 tpa cobalt sulphate (contained nickel 5,760t and contained cobalt 630t)
- Annual co-product production of approximately 221,000 tpa hematite, 8,700 tpa alumina and 4,600 tpa magnesium oxide
- Construction capital cost of US\$297 million, which includes a contingency of US\$65 million
- Annual operating cost of A\$108 million (US\$77 million)

#### *QPM Procurement of Bulk Sample*

QPM continues to advance along its pathway towards development of a battery materials refinery in a timely manner in accordance with an approved budget from PM1. QPM has directly engaged with its ore supply partners Société des Mines de la Tontouta (“SMT”) and Société Minière Georges Montagnat S.A.R.L. (“SMGM”) to arrange for the procurement of a 100 tonne bulk sample. The bulk sample will be transported to Perth for continuous processing in the existing CSIRO Mineral Resources (“CSIRO”) pilot plant. The CSIRO pilot plant in Perth will utilize the DNi Process™ developed by Direct Nickel Projects Pty Ltd (“Direct Nickel”) and operates at a rate of 1 dry tonne per day. QPM, Direct Nickel and CSIRO are working together to reconfigure the pilot plant so that it is optimized for processing the New Caledonian ore feed.



*Figure 1: CSIRO DNi Process™ Pilot Plant*

#### *QPM Enters Memorandum of Understanding with Top Resources Group Limited*

QPM entered into a Memorandum of Understanding (“MoU”) with Top Resources Group Limited (“Top Resources”). Top Resources is a China based company that has extensive experience in commodity marketing and trading with strong relationships mainly in China and the greater Asian region. Top Resources was founded in 2011 and has been successful in assisting other ASX-listed companies including Metro Mining Limited and Rio Tinto Limited. Under the agreement, Top Resources will assist QPM in expanding relationships with companies in China and the greater Asian region to secure offtake agreements or potential investment in the battery materials refinery, which is proposed to be built in Townsville, Queensland.

### Tenement Table: ASX Listing Rule 5.3.3

Mineral tenement interests held at the end of the quarter

Tenement ID	Status	Applic. Date	Granted Date	Expiry Date	Holding	Name	Registered Co.
E08/2693	GRANTED	04-Feb-15	29-Sep-15	28-Sep-20	80%	Mt Boggola	Mineral Developments Pty Ltd
E09/2133	GRANTED	19-Dec-14	20-Jul-16	19-Jul-21	80%	Morrissey Hill	Mineral Developments Pty Ltd
E09/2136-I	GRANTED	04-Feb-15	20-Jul-16	19-Jul-21	80%	Morrissey Hill	Mineral Developments Pty Ltd
E09/2217	GRANTED	17-Feb-17	13-Sep-17	12-Sep-22	100%	Battery Hub	Pure Manganese Pty Ltd
E52/3523	GRANTED	17-Feb-17	06-Nov-17	05-Nov-22	100%	Battery Hub	Pure Manganese Pty Ltd

### The mining tenement interests relinquished or surrendered during the quarter and their location

The application for E47/3919 was withdrawn during the quarter.

### The mining tenement interests acquired during the quarter and their location

Nil

### Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Not applicable.

### Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable.

**Further information:**

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