

23 April 2014

Company Announcements Office,
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Process Improvements & 13% Cost Reductions Boost Molyhil Tungsten Project

Ore sorting, improved metallurgical processing and cost reductions options are on track to deliver a significant upgrade to the Definitive Feasibility Study (DFS) for Thor Mining PLC's ("Thor") (AIM, ASX: THR) Molyhil tungsten project in Australia's Northern Territory.

The new work shows cost reductions to date of approximately A\$12 a tonne, a 13% easing from the A\$90/tonne in the 2012 DFS.

The 2012 Molyhil DFS highlighted that a **7% improvement in revenue factors** (or the equivalent) was required to increase the Molyhil ore reserve by 50%, and **extend the life of the proposed operation from 4 years to 6 years**. Subsequently, the Thor team has sought to deliver that 7% improvement as a minimum enhancement to the DFS.

Now, recent work by Thor on processing improvements and cost factors has demonstrated the potential to at least achieve this objective.

The improvements comprise:

- | | |
|------------------------|---|
| Ore Sorting | Testwork has achieved a reduction of 25% of the ore mass to be processed. This is expected to improve the grade of Molyhil ore, allowing the inclusion of some lower grade material previously deemed uneconomic, thus delivering an additional 8% by value of contained tungsten & molybdenum over the <u>initial</u> 4 year mine life, without increasing the amount of ore processed. |
| Cost reductions | A number of cost reduction initiatives, including savings from: <ul style="list-style-type: none"> • Owner mining rather than contract - potential savings up to \$4/tonne • Infrastructure purchase rather than lease - saving >\$7/tonne |

While these activities have implications for project capital costs, other identified savings have allowed Thor to keep the expected capital cost at Molyhil unchanged at A\$70million



Figure 1: Thor Mining PLC project locations

THOR MINING PLC

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Key Projects:

- Molyhil (NT)
Tungsten, Molybdenum
- Spring Hill (NT)
Gold
- Dundas (WA)
Gold

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Ore Sorting

Following the release of results from ore sorting tests in October 2013, which demonstrated a 25% reduction in mass feed via the removal of some non-mineralised material prior to the milling & flotation circuits, Thor commenced a series of studies to assess the benefits and implications.

These include:

1. Upgrade of low grade ore - the 2012 ore reserve & mining plan included mining, but not processing, 369,700 tonnes of low grade ore over the initial operation 4 year mine life. This low grade ore averaged 0.09% Wo3 and 0.06% Mo, which if upgraded by ore sorting, would be included in future mine planning, thus **adding >8% in metal value** to the processing circuit. Additionally the rejection of waste material in the sorting process results in **no increase in total ore treated**.
2. Processing variations - the removal, by ore sorting, of some non-mineralised material has changed the make-up of the ore feed into the processing plant. Subsequent metallurgical testwork to demonstrate that a saleable concentrate will still be produced, without materially impacting on recovery, is nearing completion.

Cost Reductions

1. Mining Costs - the 2012 DFS cost structure used contract mining costs at \$24/tonne, estimated by Runge Pincock Minarco Limited (RPM) as part of an Ore Reserve Study. Subsequently, RPM estimated owner operated mining costs at approximately \$20/tonne ore, indicating a saving of up to \$4/tonne.
2. Infrastructure costs - additionally by moving to purchase the camp & the diesel power generation system, rather than leasing these facilities, the Company has eliminated a further \$7.26/tonne in leasing expense.

A number of other less significant cost reductions have also been identified which combined with those above, show overall cost reduction in the order of \$12/tonne, a 13% reduction from the A\$90/tonne in the 2012 DFS. Several of these initiatives also have capital cost implications; however identified savings in other areas have largely offset these.

Mr Mick Billing, Executive Chairman of Thor Mining:

"This is positive news for Molyhil. The feedback from the 2012 DFS showed that the short mine life is an impediment to securing project finance. We will need to re-estimate a number of cost items in the process, and re-calculate the ore reserve and mining plan prior to finalising an upgrade to the DFS. However, it is hoped that these improvements will do much to both extend Molyhil's mine life and significantly improve the project's financial outcomes."

For further information, please contact:

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