

## **New Century granted exclusivity in relation to the potential acquisition of the Goro Nickel & Cobalt Mine**

### **Highlights**

- **New Century Resources Limited (ASX:NCZ) has entered into a 60-day exclusivity period with Vale Canada Limited (VCL), a subsidiary of Vale S.A., to complete due diligence and negotiate the acquisition of 95% of the issued shares in Vale Nouvelle-Calédonie S.A.S. (VNC), which owns and operates the Goro Nickel & Cobalt Mine in New Caledonia (Goro)**
- **Subject to due diligence and negotiation of formal agreements, if the transaction proceeds the financial terms would include a financial package to support the transition and continuity of VNC operations from VCL to NCZ. The parties also plan to jointly engage with the French State to confirm its continued financing support**
- **The Goro operations include a fully integrated and operational world-class mine, processing plant and port facility**
- **VNC flowsheet simplification plan is underway, targeting transformation of Goro's cost base to become a sustainable global top-10 Nickel and Cobalt producer, via:**
  - Conversion to low-impurity Limonite only feed
  - Decommissioning of the existing highly complex Refinery, which has been the major source of historical operational disruptions
  - Transition to 100% Mixed Hydroxide Product (MHP), highly sought after by the Electric Vehicle industry
  - Obtaining a licence for Sapolite ore export, generating further by-product revenue
- **If the transaction proceeds, the successful acquisition of Goro operations would result in New Century Resources becoming a major supplier of Nickel and non-DRC sourced Cobalt for the Electric Vehicle industry**
- **Any transaction for the acquisition of VNC would be subject to the prior consultation of the VNC works council in accordance with New Caledonian law, agreeing consideration terms, and customary closing conditions including regulatory, financing and shareholder approvals (if required)**
- **IGO Limited, as a substantial shareholder in New Century, is supportive of the Company pursuing the acquisition opportunity. If successful, NCZ and IGO intend to enter into discussions around future MHP offtake opportunities**

Managing Director of New Century Resources, Patrick Walta, said:

*“New Century is pleased to secure this exclusivity agreement in relation to the potential acquisition of the Goro Nickel & Cobalt Mine. The Company is excited to continue to work with Vale on the completion of due diligence and negotiation of formal agreements for the acquisition.*

*New Century has been impressed by the VNC site team and also the quality and scale of infrastructure at the Goro Mine. The current initiatives instituted by VNC to simplify the flowsheet provide strong potential to transform Goro into a sustainable long-life operation and a major global supplier of Nickel and non-DRC sourced Cobalt.”*

### **Cautionary and Forward-Looking Statements**

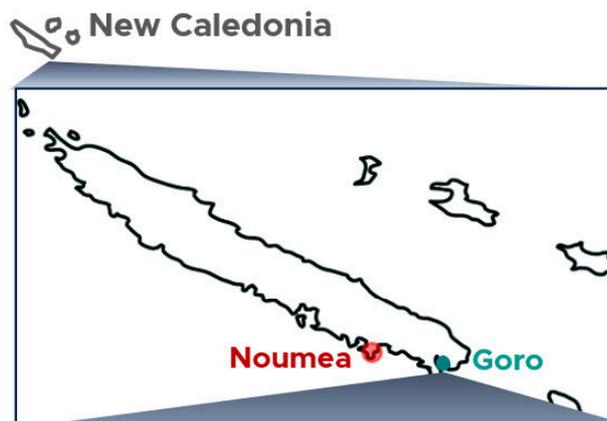
This announcement includes forward-looking statements. These forward-looking statements are based on New Century's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of New Century, which could cause actual results to differ materially from such statements. New Century makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

Investors are cautioned that the grant of exclusivity does not provide the Company with a binding obligation to acquire an interest in Goro and there is risk that the transaction may not proceed.

New Century Resources Limited (NCZ, New Century or the Company) (ASX:NCZ) is pleased to announce that NCZ and Vale Canada Limited (VCL) have entered into exclusivity for a 60-day period (mutually extendable) to complete due diligence and negotiate the terms (including as to consideration and funding) of the potential acquisition by NCZ of 95%<sup>1</sup> of the issued shares in Vale Nouvelle-Calédonie S.A.S. (VNC), which owns and operates the Goro Nickel & Cobalt Mine in New Caledonia (**Goro** or **Operation**).



- New Caledonia Is a French territory
- Top nickel producing region globally
- ~11% of global nickel reserves
- Nickel mining ~15% of GDP through three main mines (Goro, Koniambo (Glencore) and SLN (Eramet))



**Goro Location:** Coastal location with port infrastructure and close to key Asian markets

*Figure 1: Goro Location*

<sup>1</sup> Remaining 5% owned by Société de Participation Minière du Sud Calédonien S.A.S. (SPMSC)

## Rationale for Pursuing the Goro Acquisition Opportunity

Goro, which includes a fully integrated and operational world-class mine, processing plant and port facility, is presently undergoing a VNC instituted Simplification Plan, removing historical complexity, expanding production of its mixed hydroxide product (MHP) and ultimately lowering the cost base.

## Plant and Infrastructure

Beyond the substantial mineral assets, Goro encompasses a fully integrated, operational world class processing facility and logistics infrastructure from mine to port, including:

- Full mining fleet and heavy vehicle maintenance facilities
- Operational hydrometallurgical plant, including reagents, services and laboratory
- Tailings storage facility
- Onsite 100MW power station (third party owned, with 50MW dedicated to Goro)
- Bulk port and cargo wharfs for import of inputs and export of product
- 3,000-person camp
- 350-person ocean-going ferry
- Progressive rehabilitation facility, including 300,000 p.a. seedling production capacity



Figure 2: Goro Plant & Infrastructure (1 of 2)

Dedicated Port Facility



Tailings Storage Facility



Acid Plant



Reagent Stockpiles



3,000 Person Capacity Camp



Full Onsite Laboratory



100MW Power Plant



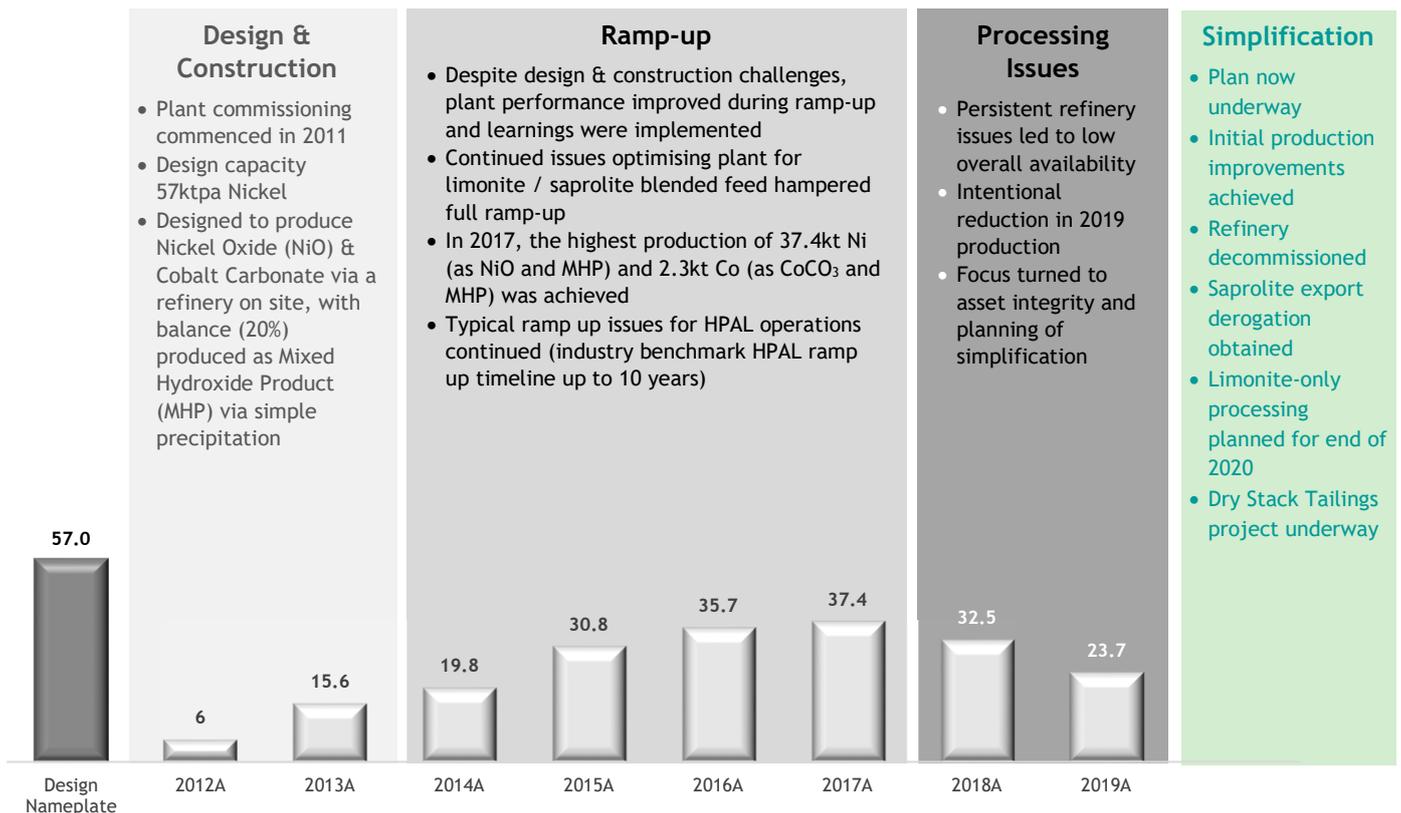
Employee Ferry (Noumea to Goro ~45 min)



**Figure 3: Goro Plant & Infrastructure (2 of 2)**

## Explaining Goro Historical Underperformance

Production at Goro commenced in 2011, with the Processing Plant designed to produce up to 57ktpa of Nickel. The refinery was designed to produce an 80/20 split of Nickel Oxide (NiO) and Mixed Hydroxide Product (MHP), with Cobalt produced as Cobalt Carbonate (CoCO<sub>3</sub>) and in MHP.



**Figure 4: Historical Nickel production (ktpa Ni in NiO and MHP)**

## Simplification Plan

The Simplification Plan is focused on: reducing complexity in the flowsheet, improving performance of the processing plant and further cost reduction in key areas of the business.

The plan is in four key areas:

1. Limonite-only processing
2. Exporting saprolite ore
3. Decommissioning the refinery and only producing MHP
4. Implementing Dry Stack Tailings at the Mine

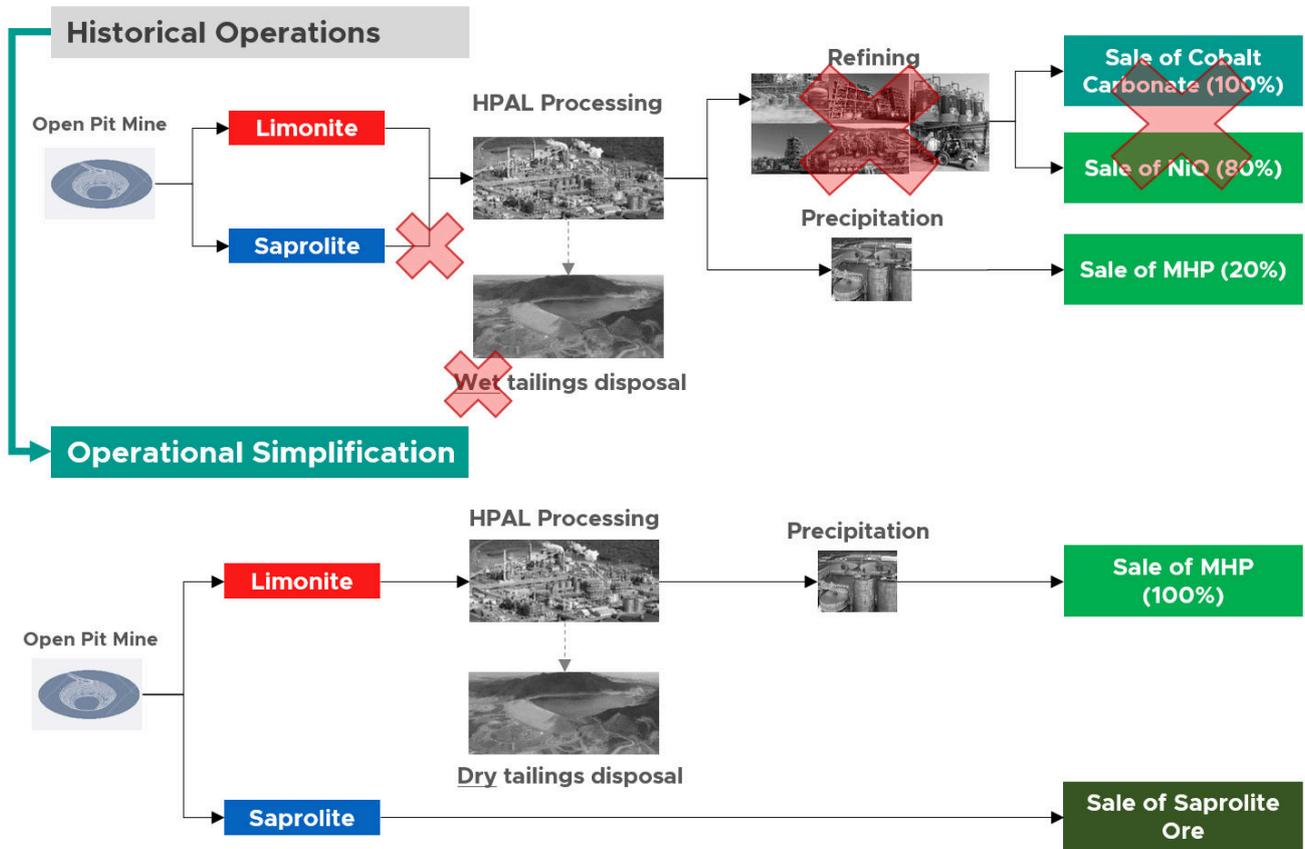


Figure 5: Overview of Simplification Plan

### Limonite-only Processing

Processing limonite ore only (no longer blending with saprolite as per historical operations), which contains less impurities, allows for consistent operation of the Processing Plant.

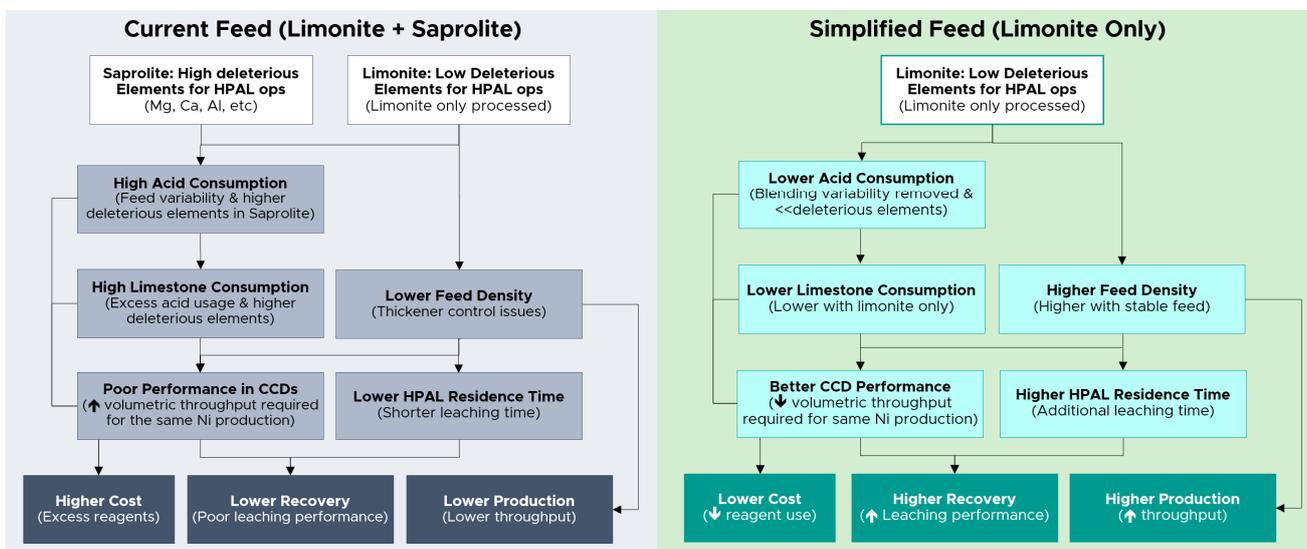
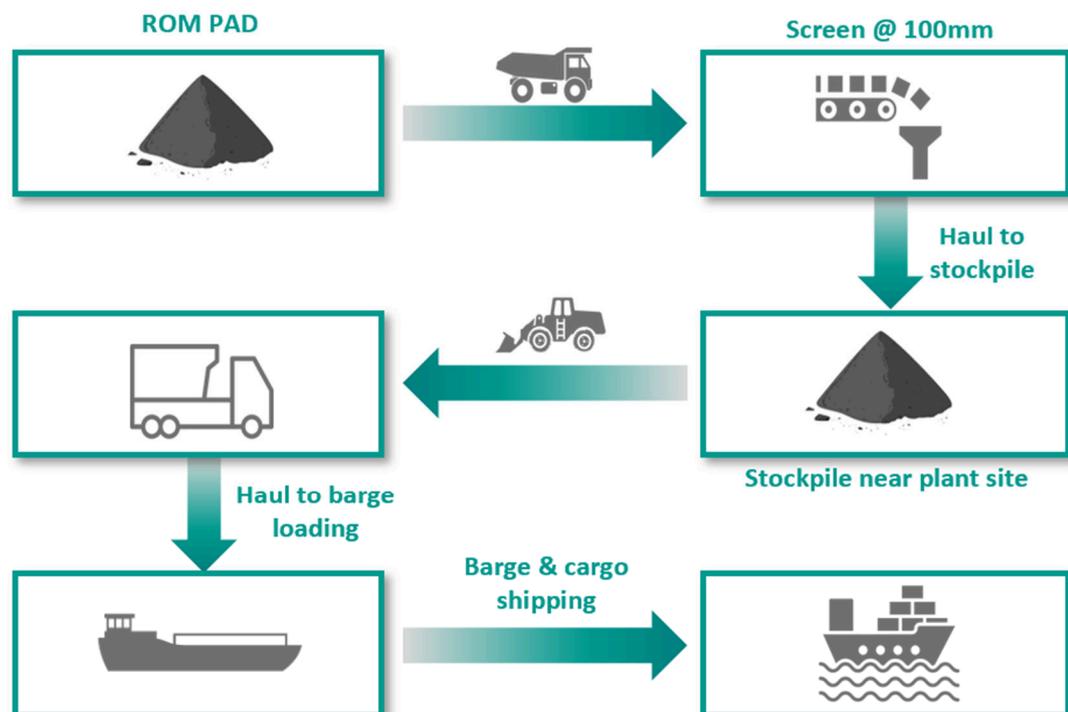


Figure 6: Benefits from Limonite-only processing

## Exporting Saprolite Ore

Saprolite ore, which will no longer be processed through the plant, can be exported to provide a simple, low-cost revenue source:

- New Caledonia exported 7Mt of saprolite in 2019 (~12% of the global saprolite DSO production)
- New Caledonia ore is typically priced at 25% of LME for 1.8% Ni in ore and 26% of LME for 2.0% Ni in ore
- A draft bill supported by the New Caledonian Government will be presented to the local Congress in June 2020. The bill will give a legal basis to the export of Goro Saprolite ore, up to 2Mt per year



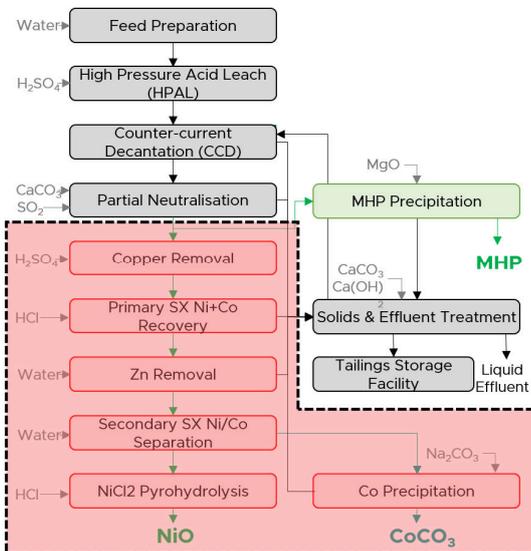
*Figure 7: Saprolite export process overview*

## Decommissioning the refinery and shifting production to 100% MHP

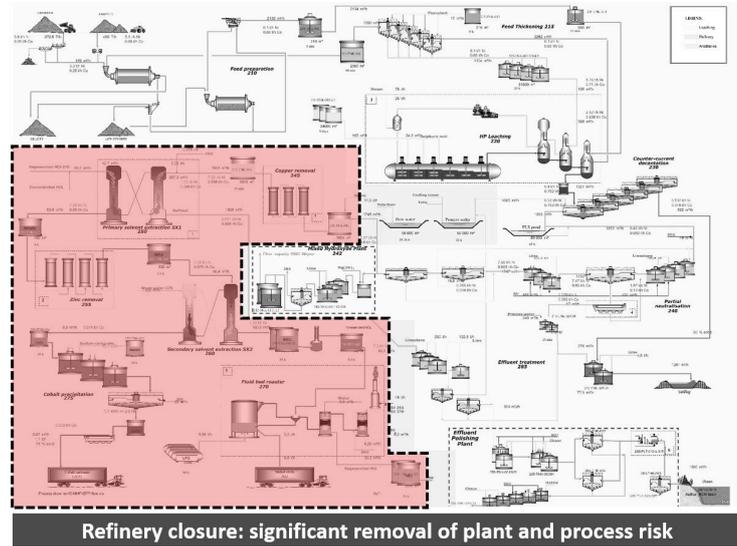
MHP, which has been produced at Goro since start-up in 2011 (~20% of historical Nickel production), is a key intermediate product used in battery manufacture for the Electric Vehicle industry. By decommissioning the refinery, the Operations will move to 100% MHP production.

As shown in Figure 8, pivoting to MHP only production significantly reduces operational complexity which inherently lowers the cost base for Goro.

### Flow Chart



### Mine & Plant Schematic



**Figure 8: Refinery closure significantly reduces complexity, maintenance & operational risk**



**Figure 9: MHP plant expansion overview**

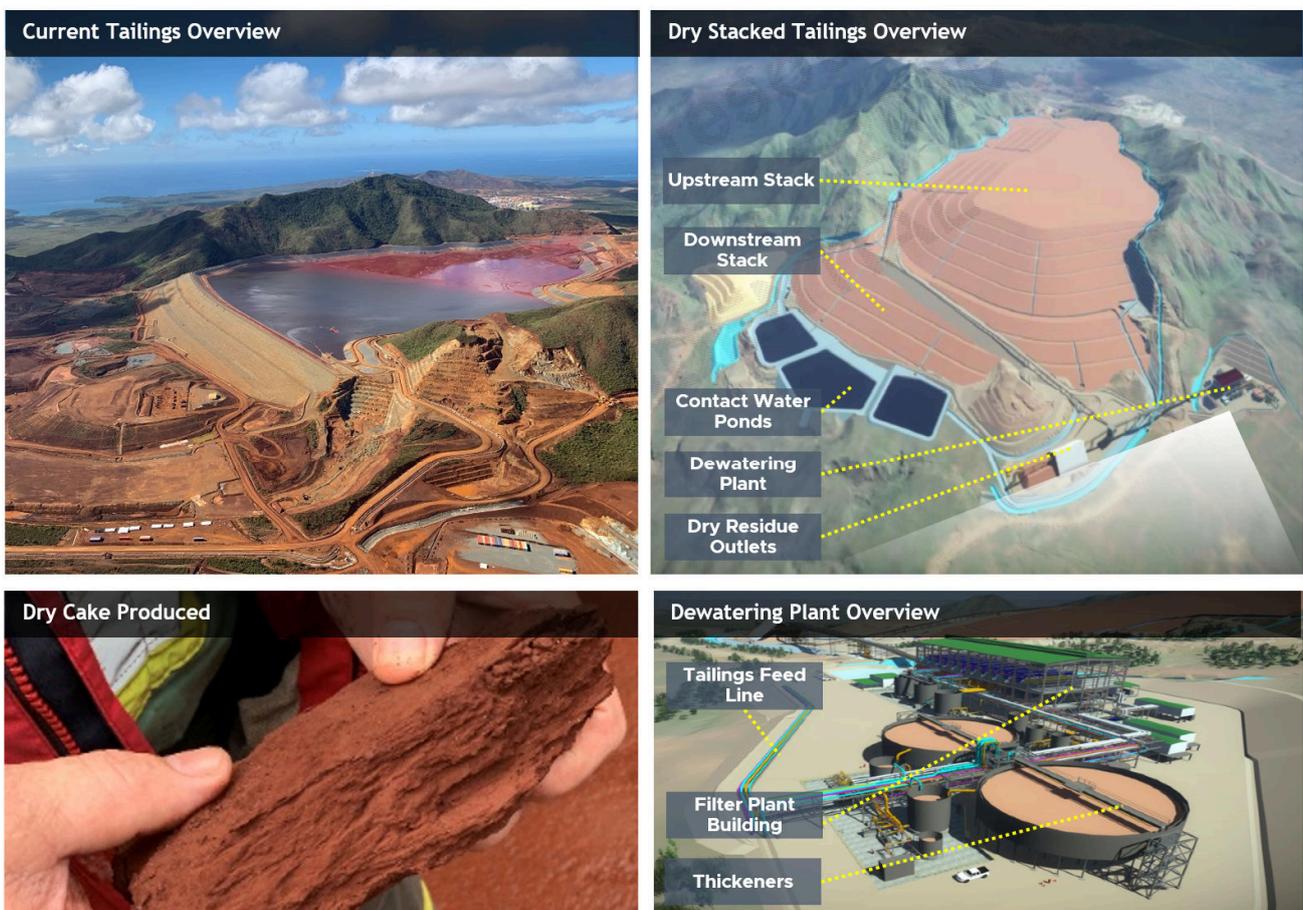
## Dry Stack Tailings

Implementing the Dry Stack Tailings project will provide a best-in-class and long-term tailings management solution for the Operation:

- Residue dewatering reduces the volume and allows it to be stored and compacted like a soil to create a large stack (**Dry Stacking**)
- Dry stacking widely used in aluminium industry: Ajka aluminium refinery (Hungary), Alunorte refinery (Brazil), CBA refinery (Brazil), Alcoa Pinjarra (Australia)
- Extensive on-site test work completed on residue samples, including a commercial-scale demonstration plant constructed and operated for one year to validate the process
- Commercial operation will simply be multiple trains of the same scale equipment operated for the demonstration plant
- Significant design work completed with construction and fabrication commenced

**Benefits:**

- ✓ **Safety:** elimination of risks related to dam technology and storage of wet sludge
- ✓ **Environment:** improved water management and smaller footprint
- ✓ **Economic:** reduced investment compared to comparable wet dam construction & provides for a life-of-mine solution for tailings
- ✓ **Technology:** recognised and utilised worldwide in mining as a best-in-class tailings management solution



*Figure 10: Dry Stack Tailings overview*

**Other Areas for Optimisation**

Beyond simplifying the flow sheet and operations, the Simplification Plan also has a number of other key areas that will be focused on to reduce the overall cost base of the Operation, namely:

- **Improve Performance:** Removal of identified bottlenecks to increase throughput and implementation of a more rigorous maintenance procedures to increase availability.
- **Cost Reduction:** Focused effort in key areas of the Operation to reduce cost through contracting strategy optimisation, marketing and product value uplift and long-term capital planning.



This announcement is approved for release by the board of New Century Resources and contains the information referred to in the Company's request for voluntary suspension and information required to update the Company's cleansing notice dated 24 April 2020 for the purposes of s708AA(12) of the Corporations Act.

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