

27 September 2019

NQ Minerals Plc
(the "Company" or "NQ Minerals")

Interim results for the six months ended 30 June 2019

NQ Minerals Plc (NEX: NQMI) (OTCQB: NQMLF), a mineral processing, exploration and mining company is pleased to announce its interim financial results for the six months ended 30 June 2019.

Highlights:

- NQ Minerals announced the progression of the restart of operations at its Hellyer ("Hellyer") polymetallic project and had commenced commissioning of the base metal floatation circuit in January. The results of operations reflect the inaugural six months of operations at Hellyer.
- During the six months ended, the Company realised revenues of £14.154m and a gross profit of £3.407m from production of 10,164 tonnes of lead, 7,341 tonnes of zinc and 46,863 tonnes of pyrite during the six months ended June 30, 2019
- During the period recovery improvements continued to be realised, this continued post the period end with current month to date figures yielding an increase in lead recovery to 41.9%. As of September 23rd, the daily actual average was 43.4%. Zinc recoveries during September have averaged 42.2%, with a daily actual average of 46.5%.
- The Company announced a total investment in Tasmania Energy Metals of £300,000. NQ is investigating an integrated facility for the treatment of precious metals produced at Hellyer with further exposure to metals used in the Electric Vehicle battery market.
- The Company is in advanced discussions with lending groups to refinance the acquisition and start up debt secured over the Hellyer assets.

Brian Stockbridge, Chairman, commented: "The first six months has seen exciting developments for the Company with the restart of operations at the Hellyer operation and consequent sales of its concentrates generating strong revenues. The operations continue to progress well with recent months witnessing even more positive recovery improvements.

"The Company is also pleased to report that it is in advanced discussions to refinance its early stage debt which reflects Hellyer's transition to an operating status with strong cash flows."

Projects

Our Hellyer polymetallic operation in Tasmania is currently producing and separately selling three concentrates of lead, zinc and pyrite. During 2018, the Company completed the refurbishment of the Hellyer processing plant, further announcing commercial production in January 2019. The Company's two exploration projects, Ukalunda and Square Post, located in North Queensland, Australia are both located in prospective mining districts that form part of the well-known Charters Towers Gold Province.

During 2019, the Company made a strategic investment in a private Tasmanian mining company, Tasmania Energy Metals Pty Ltd ("TEM"), with a view to enhancing the current operations and prospects. TEM and the Company are evaluating the commercial viability of developing an integrated facility. This facility would utilize the main by product from the treatment of pyrite/precious metals produced at Hellyer, being sulphuric acid in the production of nickel-cobalt. The integrated facility would enable NQ to recover the precious and base metals contained in the pyrite/precious metals concentrate, providing enhanced value and returns to the Company. NQ's investment in TEM is in the form of a convertible loan note for £300,000, which is being used to assess the viability of the integrated facility.

Hellyer

Hellyer represents the flagship project for the Company. 2019 has been a transformational year for both the Company and Hellyer. During the six months ended June 30, 2019, the Company realized a gross profit of £3.407m from operations at Hellyer. In H2 2019, the Company continues to realise improved plant performance and output with a continued positive trend in production. Modifications during July and August to the processing plant has improved consistency and led to further improvement in production volumes post period end. Combined plant and dredge tonnes in September have exceeded management expectations at this stage, with significant improvements in the recoveries of both lead and zinc over H1. .

The Company will continue to process the tailings which are within four separate areas representing a JORC compliant resource estimated at 9.5mt, which compromise hosting 2.61 grams per tonne gold, 104 grams per tonne silver, 3.03% lead and 2.5% zinc for 790,000 ounces of gold, 32 million ounces of silver, 287,800 tonnes of lead and 237,900 tonnes of zinc.

Ukalunda

The Ukalunda tenement lies midway between the Lake Dalrymple/Burdekin Dam and the historic Wirralie gold mine, which previously produced 1.1 million ounces of gold. The Ukalunda project contains multiple shows of mineralisation of similar characteristics to major deposits in the region. Historic, wide-ranging exploration has been carried out on the Ukalunda permit area, having discovered potential areas of rich mineralisation of gold, silver, and a number of associated base metals. In April, 2018, the Company announced further to the receipt of the required Queensland Environmental Authority, it has now been granted a Mining Lease for its wholly-owned Sunbeam Silver Mine ("Sunbeam").

The Sunbeam mining lease allows the Company to conduct large-scale mining operations starting with the processing of approximately 48,000 tonnes of surface mineral stockpiles at Sunbeam. The Company undertook a comprehensive program of rock chip sampling, mapping of the ore stockpiles, mineralogy and metallurgy. The work has indicated the ore stockpiles contain minerals including gold, silver, copper, lead, zinc and antimony which all may have commercial value.

Square Post

The Square Post tenement lies close to the Flinder Highway, 10 kilometres east of Mingela and 50 kilometres south of Townsville. The area is considered underexplored, principally due to its rugged terrain. The permit consists of 46 sub-blocks covering an area of approximately 168km². The Company has received prospective rock chip samples from the Square Post tenement, with further exploration work continuing through 2019 and 2020.

Tasmania Energy Metals (TEM)

Both TEM and NQ are evaluating the feasibility of an integrated facility to process the pyrite/precious metals concentrate produced at Hellyer to further extract precious and base metals. The Group has commenced work on the environmental, metallurgy, and technical reports to evaluate this initiative. In June and August 2019, NQ announced its investment via a convertible loan note providing an option to NQ to assess the merits of the integrated facility. NQ has an option to acquire 100% of TEM for £5.5m.

Environmental

The Company is determined and committed to making a positive impact in the communities we operate in. The Company continues to operate at the highest standards as it relates to Environmental, Community, Sustainability and Human Resource policies and procedures.

With the announcement in 2017 of our approval for an Environmental Management Plan at Hellyer, followed by the successful receipt of our Mining Lease for Sunbeam, the Company is now positioned to further realise commercial value for its mineral assets. The success of our permitting is a critical success factor, and Management and the Board have met expectations for world class standards.

Debt / Capital Structure

The Company's debt position at June 30, 2019 was £65.6m. The Company has been in advanced discussions with several lending groups to restructure the current the acquisition and refurbishment debt facilities. The Company believes with the de-risking of the project, it will be able to secure more favorable terms than the current facilities, which will further align to the projected cash flow profile of Hellyer. The debt restructuring should improve the financial position of the Company.

Outlook

The Board and Management of NQ believe strongly in the prospects of each of its assets. Hellyer has proven to be challenging during its inaugural first six months of operations, however the improvements realized in Q3 2019 have been favorable and continue to trend in a positive direction. These improvements will further provide an opportunity for the Company to restructure its current debt facilities with a view of improving the financial position. The prospects at TEM appear promising and we will continue to work with them to explore value creation opportunities. The Company operates at the highest standards with respect to environmental, community relations and social responsibility and will continue to explore ways of returning value to the shareholders.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
FOR THE HALF-YEAR ENDED 30 JUNE 2019			
	6 Months to	6 Months to	12 Months to
	30 June 2019	30 June 2018	31 Dec 2018
	£'000s	£'000s	£'000s
Revenue from contracts with customers	14,154	0	3,247
Cost of sales	(10,747)	0	(5,214)
Gross profit	3,407	-	(1,967)
Other income	-	138	135
Selling and distribution expenses	(2,496)	0	(381)
Administrative expenses	(10,484)	(4,201)	(11,196)
Other gains/losses - net	-	(25)	-
Operating loss	(9,573)	(4,088)	(13,409)
Finance costs	(8,311)	(5,683)	(12,223)
Finance income	(41)	342	31
Loss on ordinary activities before taxation	(17,925)	(9,429)	(25,601)
Taxation	332	72	153
Loss for the period	(17,593)	(9,357)	(25,448)
Other comprehensive income			
Foreign exchange (losses)/gains	(306)	(509)	(400)
Total comprehensive loss for the period attributable to the owners of the Parent	(17,899)	(9,866)	(25,848)
Loss per share (pence)	(5.49p)	(3.15p)	(8.25p)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
AS AT 30 JUNE 2019						
				As At	As At	As At
				30 June 2019	31 December 2018	30 June 2018
				£'000s	£'000s	£'000s
Assets						
Non-current assets						
Intangibles				1,223	1,218	1,058
Inventory				18,209	19,344	21,857
Property, plant and equipment				20,476	19,492	13,434
Financial assets				1,061	1,068	1,080
Deferred tax assets				803	986	1,077
Other assets				235	-	123
Total non-current assets				42,007	42,108	38,629
Current assets						
Inventory				3,878	3,467	-
Trade and other receivables				4,390	1,736	3,945
Cash and cash equivalents				484	513	3,043
Total current assets				8,752	5,716	6,988
Total assets				50,759	47,824	45,617
Equity and liabilities						
Equity attributable to owners of the Parent						
Ordinary shares				325	322	318
Share premium				15,616	15,487	14,596
Unissued capital reserve				3,879	3,879	3,879
Share option reserve				6,815	7,124	5,391
Other reserve				245	105	334
Group reorganisation reserve				(6,983)	(6,983)	(6,983)
Translation reserve				24	(412)	(521)
Merger relief reserve				7,171	7,171	7,171
Accumulated losses				(63,481)	(45,581)	(29,490)
Total equity				(36,389)	(18,888)	(5,305)
Non-current liabilities						
Financial liabilities				47,455	35,928	31,162
Provision for rehabilitation				4,432	4,100	4,486
Deferred tax liabilities				6,494	6,955	7,184
Total non-current liabilities				58,381	46,983	42,832
Current liabilities						
Trade and other payables				8,856	6,338	4,478
Financial liabilities				18,166	11,934	2,080
Convertible notes				1,745	1,457	1,532
Total current liabilities				28,767	19,729	8,090
Total liabilities				87,148	66,712	50,922
Total equity and liabilities				50,759	47,824	45,617

The financial information for both the six months ended 30 June 2019 and the six months ended 30 June 2018 has not been audited. The financial information contained in the interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The principal accounting policies of the Group are consistent with those detailed in the 31 December 2018 financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union”

NQ Minerals

NQ Minerals is an Australia-based mining company which commenced production in Q4 2018 at its Hellyer Gold Mine. The Company anticipates strong cash-flow and profitability from Hellyer and has a portfolio of exciting exploration prospects. The Company’s management team has decades of experience in the exploration and production of gold, silver and a variety of base metals. Please visit our website at www.nqminerals.com.

For further information, please contact:

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