

Scott Kaintz (Chief Executive Officer)

Good morning and thank you for joining this Q&A session today. I am very pleased to be joined by our partner, Battery Metals Ptd Ltd and our Executive Chairman, James Parsons. We look forward to welcoming your questions.

Question from Les

Barrick is having problems with its application for renewal of the Porgera mine lease in PNG. The PNG Prime Minister has said he wants the government to have a majority stake in Porgera. What implications could this dispute have for the mining industry in PNG and for Corcel's Mambare project?

James Parsons (Executive Chairman)

We have been monitoring the Barrick situation closely and are of the view that this will not affect Mambare or Wo Wo Gap. We believe the Barrick situation has political aspects which do not apply to our Mining Lease applications.

8:55 AM

Question from Les

#8 The company's broker Monecor has a number of clients holding Contracts for Difference in Corcel shares. The combined holding of Monecor clients has come down from 13.6% on 5th November 2020 to 4.2% of the company's issued share capital as reported on 21st January 2021. CFD's are by their nature speculative instruments with interest being charged daily and tend not to be longer term holdings. This appears a very disappointing situation created by Monecor. Many shareholders would like to see a more conventional broker appointed by the company that would encourage longer term shareholdings. Will the company review this situation, how it came about and determine the best way forward?

James Parsons (Executive Chairman)

Thank you for this question. We note the feedback and will review the broker arrangements in light of it.

8:57 AM

Question from Les

What is the current status of the senior debt acquired in Resource Mining Corporation and when should we see value being obtained for the debt?

James Parsons (Executive Chairman)

As you rightly point out Corcel is Senior Lender to RMI (an ASX listed Company with 100% ownership of the Wo Wo Gap project). The debt position was acquired in two tranches last year. The terms of the debt are all in the various announcements (it is a little complicated as there are multiple different debt instruments) but in summary Corcel owns AUD4.7M of debt which is the vast majority of RMI's debt and is a senior lender position. The reason Corcel acquired this debt is to ultimately explore synergies between Mambare and Wo Wo Gap and because Corcel sees significant value in Wo Wo Gap. We obviously cannot provide any commentary on behalf of RMI but we have had discussions with RMI to work out the best way forward and that is work in progress. Suffice to say we did not purchase the debt just to sit on it and wait.

8:59 AM

Question from Tokson

#12 1. What in your opinion is the current state of the relationship with the clans of Botue? 2. Have you encountered any opposition to the project directly from individuals or from the government of PNG? 3. What are the current barriers to progressing this Mombare project?

Battery Metals Pty Ltd (BMA)

Relationship with the two clans in the Botue area are excellent. We have no opposition to the project either from individuals or the PNG government. There are no major barriers but a collection of small and not so small steps we need to execute on.

9:01 AM

Question from Craig

#14 Do the Mambare partners feel it to be beneficial to have 100% of the Mambare project in a listed entity, if a Mining Licence was to be awarded?

James Parsons (Executive Chairman)

This is a possible outcome. The way I think about this is once we have a ML we will either fund the asset and move into construction and then production, or we will sell the asset. If the former then yes some change to the structure may be desirable but very much depends on BMAs strategy. Ultimately this is a very large asset and one which is not that far away from permitting clarity and then sanction - so a lot to play for.

9:06 AM

Question from kennyruss

#9 With regard to the mining lease at Mambare - Can you offer any guidance on timescales on potential award - or roadmap towards award and any hurdles that you anticipate to attain the award

Battery Metals Pty Ltd (BMA)

Always difficult and Covid closedowns in PNG cost us 7 months last year. PNG government is still operating at less than full pace - so it is hard to estimate. There are several hurdles along the way, ranging from, 'have we done enough to justify an award of an ML' to the expected introduction of a new mining act. Having said this, we do expect it could be by the end of this calendar year.

9:08 AM

Question from Les

#5 What plans exist to explore the rest of the Mambare target: what are the actions and timescale?

James Parsons (Executive Chairman)

As I am sure BMA will confirm, our focus now on Mambare is not really further exploration but moving to DSO and production. So by choice (ie if not required) we would be deploying our capital and time into the permitting, planning and construction to get ourselves as quickly as possible to revenues. There is of course a lot we could do on exploration if we wanted but it isn't our focus.

9:09 AM

Question from Les

#2 Are there any direct shipping operations currently in existence in PNG and do they include nickel?

James Parsons (Executive Chairman)

PNG has no other DSO operations for minerals but does ship unprocessed timber.

9:10 AM

Question from Asteph9566

#16 Like property development - is it your intention to sell when you get "planning permission " or do you intend to fulfil the ongoing development yourself .If so how will it be financed ?

James Parsons (Executive Chairman)

That's a good analogy and indeed a choice we will have to make. As I mentioned in another response it is dependant on a series of factors - from Nickel price through to final capital estimates. I don't anticipate funding being particularly challenging - developments of this sort are often funded by a combination of debt / equity / financing provided by the offtakers and I expect us to have multiple options available to us.

Question from Les

#4 After receipt of the mining licence for Mambare and assuming it includes a DSO, will you set out the actions and timescale to commence the DSO?

Battery Metals Pty Ltd (BMA)

Yes, after the ML award we will be able to better outline actions and timescales. It is always difficult to estimate timelines, but my sense is that we would need two full years or more after the issue of the ML to commence production. It of course takes time to build roads, acquire trucking fleets, prepare port facilities, secure and train people, just as some examples. Production will then ramp up progressively over the first year of production. This is a relatively short timeline to reach cash flows so we believe it is attractive.

9:16 AM

Question from Craig

#15 When should we expect to see Corcel release results from the Mambare Ground Penetrating Radar programme that took place sometime ago?

James Parsons (Executive Chairman)

I appreciate this might look strange externally so let me try to explain... We have done here the fieldwork in PNG but have not yet kicked off the processing (btw done in Canada and there are some COVID constraints here). Basically completing the fieldwork was relevant for the ML application. The processing will follow in time but it really isn't super urgent as doesn't directly affect the ML application, which is our primary priority.

9:27 AM

Question from Les

#3 Is it PNG government current policy to grant licences for direct shipping operations and are there any changes planned for this policy?

Battery Metals Pty Ltd (BMA)

There is no government policy in relation to DSO and this has been discussed with the mining regulator the MRA and we put forward a paper on the merits of DSO. As DSO is not prevalent in PNG we do not foresee a DSO ban of the type introduced in Indonesia.

9:28 AM

Question from Les

#17 Regarding question 12, can you please explain some of the more important steps?

Battery Metals Pty Ltd (BMA)

The largest ones are the issue of the Environment approval which is closely followed by the Memorandum of Agreement to be negotiated between the National Government, the Provincial Government, the Clans and the JV company. There are many others but those are the most significant ones we are working on now.

9:34 AM

Question from Malik

#18 What sort of valuations can we expect from your energy storage project when it's fully operational? I.e post construction. What EBITDA can we expect for it per year?

Scott Kaintz (Chief Executive Officer)

Usually as the project hits "shovel ready" (Grid/Lease/Planning) you look to value the project on a per MW basis in a range from £10,000 to say £50,000 per MW, which will vary depending on the details of the project, the cost of the grid connection, location, how much if any capacity is left on the local substation, etc. So the battery stage of the project might be worth between £500,000 and £2,500,000 at that stage for 100%, with the devil of course being in the details and current markets. Once the project is up and running, our models have been based around ~£49,000 per MW per year revenue, which for the 50MW equates to ~£3.4m per year. That said, we've been told that similar batteries have been getting more like £120,000 per MW in Q3/Q4 last year, due to current ancillary service market conditions that may or may not persist, so there is certainly

upside there as well. EBITDAs on our base case might be in the £2.5m+ range. (All of the above is for 100% ownership) So hopefully that helps gives you a ballpark idea of what the installation looks like, the value of the second 50MW grid connection and the solar installation would be in addition to this and would use slightly different metrics.
9:35 AM

Question from Malik

#19 In your view, which part of your business has the potential to transform your market cap? What do you think the market needs to see to price some of that in?

James Parsons (Executive Chairman)

Thanks for this question. To my mind our key value inflection points are: 1. Burwell Shovel ready and then of course funded and into construction 2. Mambare ML award and then of course sold or funded and into construction 3. Progress on Wo Wo Gap 4. Having demonstrated the concept in 1, to add further UK projects of this nature 5. New projects which I cant really talk about yet I see the rest (eg Yukon exploration) as less transformational in nature but still accretive and positive newsflow. When we designed the current business it was to combine solid cash generation from low risk UK grid support projects (eg Burwell) with high upside / blue sky potential from the upstream mining (eg Mambare and Wo Wo).
9:36 AM

Question from Charlie

#20 In response to your prior response "I don't anticipate funding being particularly challenging-developments of this sort are often funded by a combination of debt / equity / financing provided by the offtakers and I expect us to have multiple options available to us." This sounds positive, albeit at a current market capitalisation of ~ £3 million how do you anticipate a meaningful equity component being injected without shareholders effectively being wiped out?

James Parsons (Executive Chairman)

There are many ways the funding of Mambare could play out if we decided to run it through to revenue. Normally developments of this nature are funded in a SPV (a special purpose vehicle) which would mean that the debt and equity and other solutions (eg offtake funding or vendor financing) are secured at a JV level (not at PLC). It is a bit early to clarify how this will play out with Mambare - the next step is the EA award and then the ML award !
9:42 AM

Question from Asteph9566

#22 In terms of potential revenue streams which one is likely to generate first - Burwell or PNG

James Parsons (Executive Chairman)

Burwell is quicker to construct and would likely hit revenue first.
9:47 AM

Question from Indiefund

#24 In the recent podcast Christian Yates states... "15 investment trusts investing in this space" "in this sector sector.. all these funds bar one are trading at premium's to NAV. clearest indication for appetite and demand." "about \$ 1 billion being raised" "all these funds don't have their development arm and don't have their own proprietary projects" "so they will have to COMPETE WITH EACH OTHER to acquire assets" Has interest been expressed in buying Burwell from any of these investment funds? Thank you

James Parsons (Executive Chairman)

We cant comment on potential interest or sale / farm out discussions for Burwell. Apologies. Price sensitive information has to be channelled through the RNS system
9:48 AM

Question from Asteph9566

#21 What would you say to a retail investor like myself who is interested in investing but is facing a situation where there is only 4.5% free float and the almost certain prospect of further equity requirement ?

James Parsons (Executive Chairman)

Everyone has to make their own decisions about investing! We really are not allowed and not qualified to advise ! Our role here, as a Board, is to explain the strategy, the assets and the potential and risks of the business. I think you will find most micro cap stocks have a requirement for equity at some stage in their early development. The question I always ask myself is does the upside outweigh the downside at this point but it is your own judgement to make,.

9:40 AM

Scott Kaintz (Chief Executive Officer)

The other point I'd make is that we believe that the strategy is about as spot-on as can be at the moment, and we're continuing to execute it because of that firm belief. Provided we are correct, we would expect to see that more fully reflected in the market value of CRCL's shares over time. We are working to create an exciting offering leveraged to what we see are the most important post-COVID developments in the world economy, the rise of batteries and the decarbonization of the global economy. We'd encourage investors to take a view on this way forward and whether they deem it attractive to have exposure to. Beyond that, obviously we can't really give investment advice naturally.

9:52 AM

Question from Indiefund

#26 With Christian Yates having links to Gresham House and as he is the project director of Burwell and also shareholder in FGS, is his presence as project director of Burwell to facilitate a sale once the project is shovel ready?

James Parsons (Executive Chairman)

Christian is instrumental in our team at FGS, he is a very seasoned professional and a complete gentleman (which wasn't your question but fyi!). He absolutely is / will be critical around a sale or farm out of the project. His connectivity and influence is critical and already benefitting us.

10:00 AM

Question from Craig

#27 Could you provide us with some information on BMA as an entity please? Background and individuals involved etc

Battery Metals Pty Ltd (BMA)

As a private company we are media shy (!) and the various stakeholders prefer to keep a low profile and just focus on deliverables.

10:05 AM

Question from Indiefund

#23 It seems like progress here is extremely slow. What is there for prospective buyers to look forward to when we still have Monecor selling down?

James Parsons (Executive Chairman)

My take here is that an investor can look forward to: 1. Progress at Burwell, including shovel ready status, financial close and ultimately significant cash flows 2. EA and then ML award at Mambare, leading to potential starting of construction in preparation for a DSO operation 3. Progress on Wo Wo Gap (we are limited what we can say here given it involves another listed company) 4. Further broadening of the portfolio into the battery metals / grid support space I like to think we have been very clear on our strategy and the space we operate in. I get the frustration of the share price and potential sellers in the market and to some degree I share that. However we are building a business here for the medium term and our focus is on NAV (net asset value) build over a couple of years, in a space which is hot and is likely to get significantly hotter. On Monecor specifically the way I think about it is what that equity placing unlocked for us. The acquisition of the RMI debt at such a significant discount will, I believe, over time prove to accrete many millions of value to our shareholders and we didn't want to let that window to transact go (the option was expiring).

9:56 AM

Scott Kaintz (Chief Executive Officer)

I'd comment that for a Company of our size, we've had quite a bit of progress over the past six months, COVID aside, and I would think investors would see us actively executing on the strategy as previously outlined. Over this period, we've advanced Burwell to the cusp of being shovel ready and worked to bring new projects in behind that, our Mambare JV has advanced its mining lease application in a material way and is now significantly closer to award, we've gone through the process of nearly completing picking up a second major nickel-cobalt asset for a fraction of its historic cost, and we've initiated an exploration program in Canada at our Vanadium project and reported results. I'd hope a neutral third party would see that as meaningful progress over the period, with more on the way in 2021!

10:07 AM

Question from CorcelAdministrator

#28 Question on Email - How would you compare Mambare to other major nickel projects? The grade has never been impressive to me, and would the JV would we need to drill it out more to increase this? Is the JV confident that the grade could be increased if an effort were made to do so?

James Parsons (Executive Chairman)

The way I think about Mambare is it is a very large but relatively average grade Nickel project. We can increase the grade somewhat with various techniques but we won't turn it into a top end / high grade project, neither do we need to. So yes we will high grade for the DSO operation but this isn't a huge issue. The growth of batteries globally (particularly China) has and will result in increases in Nickel prices and we believe demand will be outstripping supply significantly. This will drag the high end Nickel into batteries and leave a (huge) gap in the steel industry which is where our Nickel would likely play (as well as the high graded Nickel going which we produce going into batteries). So the link to batteries doesn't have to be direct, it can backfill the high grade Nickel. In reality it will be both but my point is the grade isn't a significant concern for us given what is happening with demand and the world's need for Nickel.

10:09 AM

Question from Indiefund

#30 Thank you for your time and answering my questions Mr Parsons.

James Parsons (Executive Chairman)

It is a pleasure - we are super excited about what we are doing at Corcel and absolutely here for investor questions. I really feel that Corcel has a very much "on the money" strategy so look forward to playing out as the world continues its transition to a low carbon economy.

10:13 AM

Question from Les

#29 The prospect of future equity requirements has been discussed. If a fund raising at some future time were to be necessary, would you seek to gain EIS status? As you know this would likely result in longer term shareholdings.

Scott Kaintz (Chief Executive Officer)

We appreciate the comments on EIS, and we shall have a look at how that might apply to a listed entity. We certainly are looking for people who buy into the vision and strategy above all else, and we'll continue to focus on attracting that type of holder. Getting broad base support for our unique battery metals + FGS strategy is the key going forward, and we believe CRCL is a very compelling option for investors seeking a healthy return amidst turbulent 2021 markets.

10:15 AM

Question from Malik

#31 I think financing arrangements to bring your storage project to operation should be your upmost priority in H1. Also, I believe Align Research are missing the potential bull case upside from Burwell in their last note. They should dedicate a note on this project since it clearly has the potential to be THE game changer for Corcel.

James Parsons (Executive Chairman)

We are fortunate enough to have a portfolio with multiple priorities but I agree Burwell is top of the list. I am actually heading up there tomorrow for some meetings !

10:15 AM

Question from Malik

#25 So potentially £6m EBITDA per year on £120k/MW. Assuming 12x EBITDA, your storage business at 100% could be worth £75m. That's 25x your market cap!

Scott Kaintz (Chief Executive Officer)

Well, as stated the £120,000 per MW was a Q3/Q4 2020 figure, whether that persists is for market experts to project! But clearly, the UK energy markets are volatile, and the opportunity is quite real! Applying an EBITDA multiple to the project itself could certainly give a back of the envelope valuation, I'd expect SPV investors to also add NPV calculations to their own calculations. Broadly though, I think it's safe to say that we are not getting credit for the work done to date at Flexible Grid Solutions and the value potentially on offer, and we're working to make that upside more clear.

10:23 AM

Scott Kaintz (Chief Executive Officer)

That brings our session today to a close, thank you for your questions and to BMA for joining in answering today. We look forward to speaking with you again soon. As ever, we will make available a copy of the Q&A on the Corcel website.