

ECONOMIC BENEFITS

What's in it financially for the Communities?

Direct employment will be a key part of an operating ISR mine with flow on benefits to the ancillary services such as accommodation, food outlets, hotels and supermarkets. Support services such as trades (electricians, plumbers, mechanics) and fuel suppliers would also benefit.

As the research project will be a demonstration ISR site, additional indirect benefit will be industry and research visitors plus additional tourism to observe the new mining technique being employed.

How many jobs are there likely to be created during the Field Recovery Trial (FRT) from July 2019 to July 2020 (approx.)?

It will require drilling of approx. 1 pattern (of 5 wells), this will require 2-3 contractors (electrician, plumber) driller and potentially a supervisor.

How many jobs are there likely to be created during Construction for Full Operation post 2021?

Once the FRT has indicated that copper is economically extractable via ISR within environmental constraints, and community and state government approvals, then the process to full production can commence.

This will entail approx. 15 - 20 local roles. The main skills required can be sourced locally and will be general builders/labourers, electricians, plumbers, crane operators. Once construction has finished we will need (in addition to already listed); office staff, company trained well-field technicians and plant operators, maintenance staff fitters, mechanics and engineering services, HSE and community relation roles.

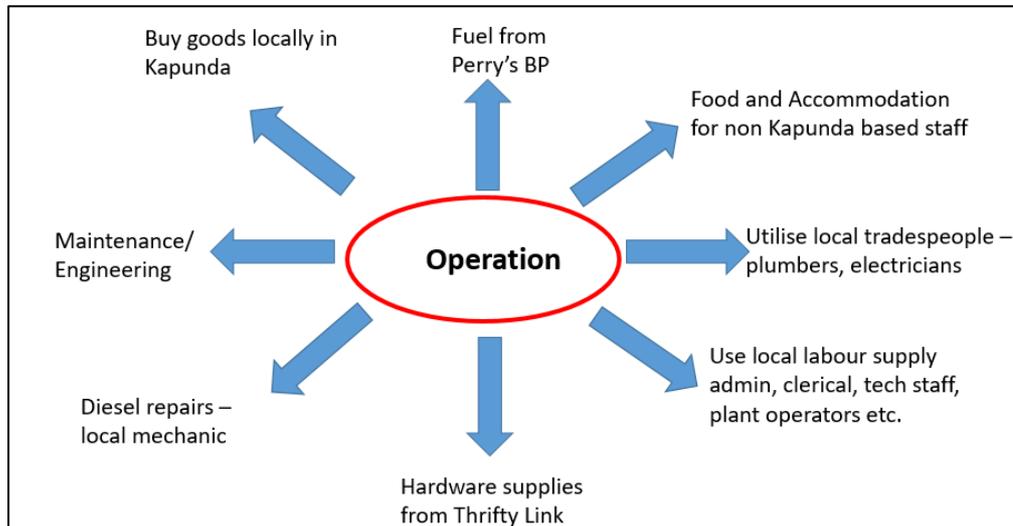
What benefit is there for the local Council and Community

The project is likely to contribute substantially to the community, it is envisaged that the project can work hand in hand with both the tourism and heritage strategies for the site. The ISR process creates little surface disturbance and is likely to be of interest to tourists who will be able to appreciate the "old" and the "new" way of mining

It is worth noting that a detailed economic impact analysis is part of the government's regulatory approval process, however the flow on benefits from an operation like this are likely to be significant; local industries, tradespeople and other facilities are likely to be utilised, in addition to an increase in tourism (see figure below).

In accordance with the Mining Act SA 1971, financial compensation goes to the landowner for the use of the land during the mining process. ECR will also investigate the possibility of royalties to the

landowner in addition to the state government under the Mining Act; a potential first for the mining industry. This figure is purely negotiable between the 2 parties.



What benefit is there for the State of South Australia

While it is too early in the project to state with certainty (as engineering studies and production rate figures are not yet able to be accurately calculated until complete feasibility conducted), an estimate of rate of production would have the project contributing ~\$1-2M / per year in state royalties.

As well as this, the mining sector represents a significant part of South Australia’s economy, anything that could potentially increase activity in this sector is likely to have significant social and economic impacts on the state.

The Kapunda project could become a demonstration site for the new style of mining for industry, researchers, mining companies and tourists alike.

ECR Pty Ltd have already identified other projects within SA and other states, that are amenable to ISR of copper and gold. Any increase in the number of these potential new mining projects would lead to a significant increase in activity and benefits across a wide section of the industry and community including; employment, taxes and income from state royalties.

The project also fits extremely well with the SA Government 2016 Copper Strategy, which has the stated aim of tripling this states copper production by 2030.

This target will require increases in production from existing mines of Olympic Dam and Prominent Hill but will also require additional new production to be brought online, new copper mines will have to be developed to meet the target.

http://minerals.statedevelopment.sa.gov.au/about_us/initiatives/south_australias_copper_strategy/copper_strategy

Is there still a demand for Copper?

Copper demand is on the increase due to development in renewables and battery technologies, especially electric vehicles, plus emerging markets in India and China's middle classes.

Presently, copper is used in building construction, power generation and transmission, electronic product manufacturing, and the production of industrial machinery and transportation vehicles. Copper wiring and plumbing are integral to appliances, heating and cooling systems, and telecommunications links used every day in homes and businesses e.g. internet and mobiles. Internationally China's exponential growth is ensuring continued high demand for copper.

World-wide, it is predicted that copper demand will outstrip supply (including recycled copper numbers) within the next 5 years. The current price for copper is USD\$6,000/tonne and expected to go as high as USD\$8,000/tonne.

CRU

Shortages still expected but size of deficits reduced and transition into deficit delayed

LME 3-month price and annual global refined supply/demand balance, 2015-2022



Data: CRU

Slide courtesy of Vanessa Davidson, Director of Copper Research & Strategy.
Opening address for Copper to the World, Adelaide, June 2018