



## ASX ANNOUNCEMENT

31 July 2014

### QUARTERLY ACTIVITIES REPORT JUNE QUARTER 2014

#### Temrezli Uranium Project, Central Anatolia, Turkey

#### Highlights:

- **Updated Preliminary Economic Assessment (PEA) confirms robust economics:**
  - NPV increased to US\$186.5M
  - Internal Rate of Return increased to 109%
  - Operating costs cut by 9.3% to US\$20.22/lb
  - Projected resource recovery increased from 52% to 69%
- **Material changes include measured resources increased by 6.1Mlb eU3O8, and injection well and recovery well costs reduced by 16% and 20% respectively**
- **Substantial Program of Work continues using ISR specialists**

#### Project Activities for the Quarter:

A substantial program of work continued throughout the entirety of the reporting period at the Company's flagship Temrezli Uranium Project. The program includes advanced mineral resource, metallurgical and hydrological studies as well as environmental and social impact assessments that will be incorporated into a Pre-Feasibility Study. To support these activities the Company has assembled a team of advisors and specialists with extensive uranium ISR and Turkish environmental compliance experience.

As a consequence of these activities the PEA was updated to incorporate an updated mineral resource estimate prepared by CSA Global, and updated hydrologic parameters estimated by HydroSolutions. The revised PEA confirms the amenability of the Temrezli deposit to low cost in-situ recovery techniques (ISR) and indicates;

- **a pre-tax NPV of US\$186.5M @ 8% discount rate**
- **a strong internal rate of return of 109%**
- **the generation of over US\$310 million in free cash flow over the initial mine life.**

The key updated PEA production outcomes are;

	<b>Updated PEA May 2014</b>	<b>Original PEA July 2013</b>
Life of Mine	<b>10 Years</b>	10 Years
Total U <sub>3</sub> O <sub>8</sub> Production	<b>9,209,000 lb</b>	9,125,000 lb
Annual U <sub>3</sub> O <sub>8</sub> Production	<b>1,000,000 lb</b>	1,000,000 lb
LOM Capital Costs	<b>US\$30.2M</b>	US\$30.6M
Cash Operating Costs	<b>US\$ 20.22 / lb</b>	US\$ 22.30 / lb
Pre-Tax NPV (8%)	<b>US\$ 186.5M</b>	US\$ 173.9M
Free Cash Flow	<b>US\$ 310.4M</b>	US\$ 288.9M
Internal Rate of Return	<b>109%</b>	103%

All metrics are based on an assumed U<sub>3</sub>O<sub>8</sub> price of \$60/lb.

A new Mineral Resource estimate for the Temrezli uranium deposit was released to the market on 12 May 2014 following the completion of a 46 hole drilling program and installation of 9 hydrological wells. The updated Mineral Resource estimate was prepared by CSA Global in accordance with JORC 2012 edition as shown in the following table:

Category	Tonnes (kt)	Average Grade (ppm eU <sub>3</sub> O <sub>8</sub> )	Resource (lb eU <sub>3</sub> O <sub>8</sub> )
Measured	2,008	1,378	6,100,000
Indicated	2,178	1,080	5,185,000
Inferred	1,020	888	1,997,000
<b>Total</b>	<b>5,206</b>	<b>1,157</b>	<b>13,282,000</b>
Cut-off Grade of 200ppm U <sub>3</sub> O <sub>8</sub>			

Significantly, the confidence in the uranium resource has been significantly increased with the addition of a measured component for the first time.

The updated PEA utilises a production target equal to 69% of the total current resource over 10 years. The proportions of resource category attributed to the production target are shown in the following table:

Resource Category	Mineral Resource Estimate (t)	Well Field Recovery (%)	Metallurgical Recovery (%)	Total Recovery (%)	Production Target (t)
Measured	6,100,000	100	80	80	4,880,000
Indicated	5,185,000	100	70	70	3,630,000
Inferred	1,997,000	50	70	35	699,000
<b>Total</b>	<b>13,282,000</b>	<b>92</b>	<b>75</b>	<b>69</b>	<b>9,209,000</b>

The updated PEA production target includes a proportion (7.6%) of inferred mineral resources. It is noted that there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Throughout the reporting period the Company continued to collect important environmental baseline information both at the Temrezli Project site, by way of a newly constructed meteorological monitoring station, and at various sites in the nearby villages of Mehmetbeyli, Akoluk and Temrezli.

The program is currently monitoring:

- ambient water quality (surface and ground)
- soil and sediment quality
- air quality
- noise, and
- meteorology.

SRK (Turkey), via independent third party consultants, completed two key studies, a flora and fauna survey, and an archaeological and cultural heritage survey over the Temrezli Uranium Project, the findings of which will be part of the Company's Environmental and Social Impact Assessment (ESIA).

The Hacettepe and Gazi Universities Departments of Botany observed only flora and fauna typical of the central Anatolia region, whilst the Hacettepe University Department of Archaeology found no archaeological and cultural heritage in the area where the Project will be conducted.

#### **Next Quarter Project Activities:**

A short program of approximately 750-1,000m of drilling (5 to 7 holes) commenced in late July in the northeast of the Temrezli deposit where the mineralisation occurs as multiple stacked lenses. The proposed drilling will be located at sites between existing drill lines and 25m offset from existing drill spacing to infill our understanding of the geometry and grade of the mineralisation. Drilling will be by rotary mud technique with all holes vertical and to a maximum depth of 200m. All holes will be gamma logged and differential interpretation ("deconvolving") of the data estimated at 10cm downhole spacing.

Concurrently but commencing immediately after Turkey's national religious holiday the Company will construct a number of wells for hydrological testing purposes at two sites where previous pump tests were completed in January 2014. The wells will be constructed with the assistance of WWC Engineering and HydroSolutions who are able to apply robust work procedures for well field installation.

The hydrological testing and aquifer monitoring will assist with the preparation of the ESIA. The goals of the program are three-fold:

1. To determine key hydrologic parameters of flow and storativity using a "5-spot" well geometry,
2. To demonstrate lateral hydraulic communication of the ore bearing mining intervals across distances typical of commercial ISR well patterns, and
3. To determine the extent of any vertical hydraulic communication immediately above and below the mining interval.

The pump tests will be conducted in late August with detailed modelling of the data to be undertaken by HydroSolutions. The test work will enable the Company to increase its confidence in the amenability of the Temrezli deposit to low cost in-situ mining, and provide required inputs to the ESIA.

Throughout the next quarter the Company in association with its selected advisors and specialists will continue to progress the Program of Work to enable the grant of its Operation Permit.

#### **Corporate Activity for the Quarter:**

Cash on hand at the quarter end was \$1.134 million.

#### **Corporate Activity post Quarter:**

On July 22 Anatolia announced the appointment of Patrick Burke as a Non-Executive Director of the Company.

Mr Burke holds a Bachelor of Laws degree from the University of Western Australia. He has extensive legal and corporate advisory experience, and has acted as a Director for a number of ASX and AIM listed small to mid-cap resources companies over the past 10 years. His legal expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions.

Mr Burke's corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, structuring and pricing, negotiation, funding, due diligence and management of process. He contributes general commercial and legal skills along with a strong knowledge of the ASX requirements. He is currently a Non-Executive Director of ASX listed Monto Minerals Limited and Intercept Minerals Limited.

As Mr Burke is domiciled in Western Australia, Mr Lee Boyd, who was appointed as a Director to meet the statutory minimum number of Australian domiciled Directors, has resigned as a Director of the Company with effect from close of business on 31 July 2014. Mr Boyd will continue as Company Secretary.

## ENDS

### For further information please contact:

#### North America

Anatolia Energy  
Jim Graham  
Managing Director  
Tel: +1 720 479 8430

#### Europe

Anatolia Energy  
Paul Cronin  
Director  
Tel UK: +44 7912 351031  
Tel AUS: +61 428 638 291  
Email: [admin@anatoliaenergy.com](mailto:admin@anatoliaenergy.com)

#### Australia

Anatolia Energy  
Lee Boyd  
Company Secretary  
Tel: +61 8 9321 5245

*Information in this release that relates to Exploration Results and Mineral Resources is extracted from ASX announcement "Updated Preliminary Economic Assessment" released on 12 May 2014 and is available on [www.anatoliaenergy.com.au](http://www.anatoliaenergy.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

*Information in this release that relates to the Preliminary Economic Assessment) is extracted from ASX announcement "Release of Update PEA" released on 19 May 2014 and is available on [www.anatoliaenergy.com.au](http://www.anatoliaenergy.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*