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#### ISSUED CAPITAL

Shares: 502.6 million

Options: 10.0 million

#### CORPORATE DIRECTORY

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*Non-Executive Directors:*

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# REVIEW OF THE ECONOMICS FOR DEVELOPING THE YUKON BASE METAL PROJECT

## HIGHLIGHTS

- Independent consultancy has completed a review of the economics of developing the Yukon Base Metal Project (YBMP) where current resources comprise 12.6Mt @ 5.3% Zn and 0.9% Pb
- Canadian dollar zinc and lead prices have appreciated 210% and 157% respectively since the last economic evaluation in 2012
- The Project's NPV<sub>8</sub> is currently circa C\$100 million (assuming no CAPEX reduction; see below)
- Numerous areas identified where the Project's economics could be further enhanced:
  - Development CAPEX could be substantially reduced by several means
    - Smaller processing facility
    - Re-engineered tailings storage facility
    - Onsite beneficiation and use of an existing processing facility
  - Further exploration and/or acquisition success would also have a very positive impact on the economics of developing the YBMP
  - Considerable financial benefits also evident if the YBMP is integrated with other mining infrastructure and/or existing resources in the district
- Plans being made to undertake further exploration at the undrilled, high priority Junction Prospect while further work on enhancing the economics of developing the YBMP continues

Overland Resources Limited (ASX:OVR; "Overland" and the "Company") is pleased to announce that an independent North American engineering consultancy has completed a review of the economics of developing the Company's 90%-owned Yukon Base Metal Project in Canada ("YBMP" and "the Project"). The Measured, Indicated and Inferred Resources at the Project currently comprise **12.6Mt @ 5.3% Zn and 0.9% Pb** (see Table 2).

This is the first detailed review of the Project's economics since 2012.

Very significantly, the review has highlighted that, as result of commodity price appreciation alone, the discounted NPV<sub>8</sub> of the Project is currently circa C\$100 million (when utilising the CAPEX and OPEX estimates that were used in the Company's 2012 mining study, as well as the same mining schedule).

Also very importantly, numerous opportunities to substantially further enhance the economics of developing the YBMP have been identified in the review. These include:

- Numerous alternatives to substantially reduce the upfront CAPEX
- Considerable financial benefits if the YBMP is integrated with other mining infrastructure and/or existing resources in the region
- Potential to add considerable value to the Project if additional resources can be secured by discovery and/or acquisition

## **EFFECT OF INCREASED CANADIAN DOLLAR COMMODITY PRICES**

The Company's last detailed assessment of the economics of developing the YBMP was completed in June 2012. At that time zinc and lead prices were circa US\$1,760/t and US\$1,870/t and the Canadian dollar was close to parity with the US dollar (0.99:1). Zinc and lead prices have since increased to circa US\$2,600/t and US\$2,180/t respectively and the Canadian to US dollar exchange rate has increased to 1.36:1. Therefore, today, the Canadian dollar zinc and lead prices are circa CAD\$3,540/t and CAD\$2,965/t up from circa CAD\$1,778/t and CAD\$1,889/t in mid-2012; increases of circa 200% and 157% respectively.

When utilising the CAPEX and OPEX estimates applied in 2012, as well as the same mining schedule, but current commodity prices, the discounted NPV<sub>8</sub> of the Project is currently circa C\$100 million. This is before any other CAPEX and OPEX improvements are considered (see below).

## **REDUCTION OF UPFRONT CAPEX**

Three major areas where upfront CAPEX could be substantially reduced were identified in the recent review. These comprise:

### **SMALLER PROCESSING FACILITY**

Reducing the size of the processing facility could significantly reduce the upfront capital development cost. In 2012 the Company contemplated the development of a 3,400 tpd mining operation (1.2Mtpa).

Potential CAPEX savings of as much as CAD\$47 million have been identified if a smaller, circa 2,000 tpd, processing facility is constructed. It is noted however that such an approach would likely negatively impact the Project's ongoing operating costs. Accordingly further optimisation, while concurrently considering several other major cost-benefit initiatives (see below), is warranted.

### **TAILINGS STORAGE FACILITY**

Potential capital savings of up to CAD\$18 million have been identified if the processing facility and conventional tailings storage facility are relocated to slightly lower elevations where topography works in favour of construction. Further evaluation of utilising a dry-stack tailings has also been recommended.

### **ONSITE BENEFICIATION AND USE OF EXISTING PROCESSING FACILITY**

As a result of reserve depletion in recent years, as well as mine closures during recent prolonged periods of low commodity prices, several existing processing facilities in the district are currently underutilised.

Previous metallurgical testwork on samples from the YBMP have returned very positive results from low-cost beneficiation by way of dense media separation (DMS). Accordingly during the current review, the economics of beneficiating on-site with DMS then transporting an upgraded product to an existing processing facility for further concentration was contemplated. Such an approach would substantially reduce the capital cost of developing the Project, as a considerably smaller and simpler processing plant, with a smaller tailings storage facility, would be required.

The recent economic assessment of this approach has been very promising, so further evaluation of this alternative is being pursued. Such an approach would, however, be contingent upon negotiating rights to utilise an existing processing facility.

## **INCREASING THE MINEABLE RESOURCES**

It is considered likely that additional ore supply could ultimately be secured for the Project through exploration success at the YBMP itself and/or by securing material from other “stranded” base metal deposits in the vicinity of the YBMP. Accordingly, to help ascertain the potential value of exploration (and/or acquisition) success, during the recent review consideration was given to the financial impact of potentially increasing the mineable resources at the Project.

The Company’s 2012 mining study had contemplated mining a total of 8.0Mt at 5.0% zinc and 1.5% from the Andrew and Darcy open pits over a seven year mine life.

A scenario whereby mineable resources were increased by 50% to 12.0Mt was considered. Assuming feed grades remained constant (and all other costs remained the same as contemplated in the 2012 study, and that current commodity prices persisted), this scenario was found to increase the discounted NPV<sub>8</sub> of the Project from circa C\$100M to circa C\$150M.

This benchmarks the considerable additional value exploration and/or acquisition success can potentially realise.

Accordingly the Company remains determined to continue to conduct further exploration at the Project, including drill testing the very high-priority, un-drilled targets at the Junction Prospect, where four extensive zinc-in-soil anomalies are present, each of which exceeds 2,000m in length, and from where assays up to 0.45% Zn and 6.1 g/t Ag have been returned. The size and grade of these anomalies is comparable to the zinc-in-soil anomalies previously delineated over the Andrew, Darcy and Darin Deposits (see Figure 2) that now host the existing JORC compliant resources at the YBMP that comprise 12.6Mt @ 5.3% Zn and 0.9% Pb (see Table 2).

Additionally the Company has established a deliberate strategy to pursue other opportunities in the district with a view to securing additional material to process through an on-site facility.

## **CONCLUSION**

The Company is very encouraged by the recently completed review of the economics of developing the YBMP. The combination of increased commodity prices and identification of areas where capital costs can potentially be significantly reduced has been very positive on the Project’s economics. Further enhancements can be realised through exploration success and/or integrating this Project with other mining infrastructure and/or existing resources in the district. Accordingly the Company intends continuing its concerted efforts to enhance and realise value from its YBMP.

**For and on behalf of the Board**

**Ben Vallerine**  
**Chief Executive Officer**

## ABOUT OVERLAND RESOURCES

Overland Resources controls two quality resource projects in two world-class mining districts, providing the Company exposure to potential near-term gold production in the Kalgoorlie District of Western Australia (Trojan Gold Project) together with a large, high-grade zinc asset in the Yukon Territory, Canada.

### TROJAN GOLD PROJECT

The Trojan Gold Project is located 55km east of Kalgoorlie. It provides Overland with a near-term, low-CAPEX production opportunity. Trojan hosts a JORC compliant resource of 2.8Mt @ 1.6 g/t Au for 145,000oz of gold (see Table 1). The 24 km<sup>2</sup> Project includes two past producing open pits, the Trojan pit, where 2Mt of ore was mined at 1.97 g/t Au for 125,000oz between 2001 and 2004, and the high-grade Transfind pit, where 31,000t of ore was mined at 4.9 g/t Au for 4,900oz of gold between 1991 and 1992. Mining at Transfind was reportedly terminated prematurely leaving considerable high-grade ounces remaining unmined. As part of the acquisition of the Trojan Gold Project, Overland has also been granted the right to toll treat any ore produced from the Project at Westgold Resources Limited’s Jubilee Mill.

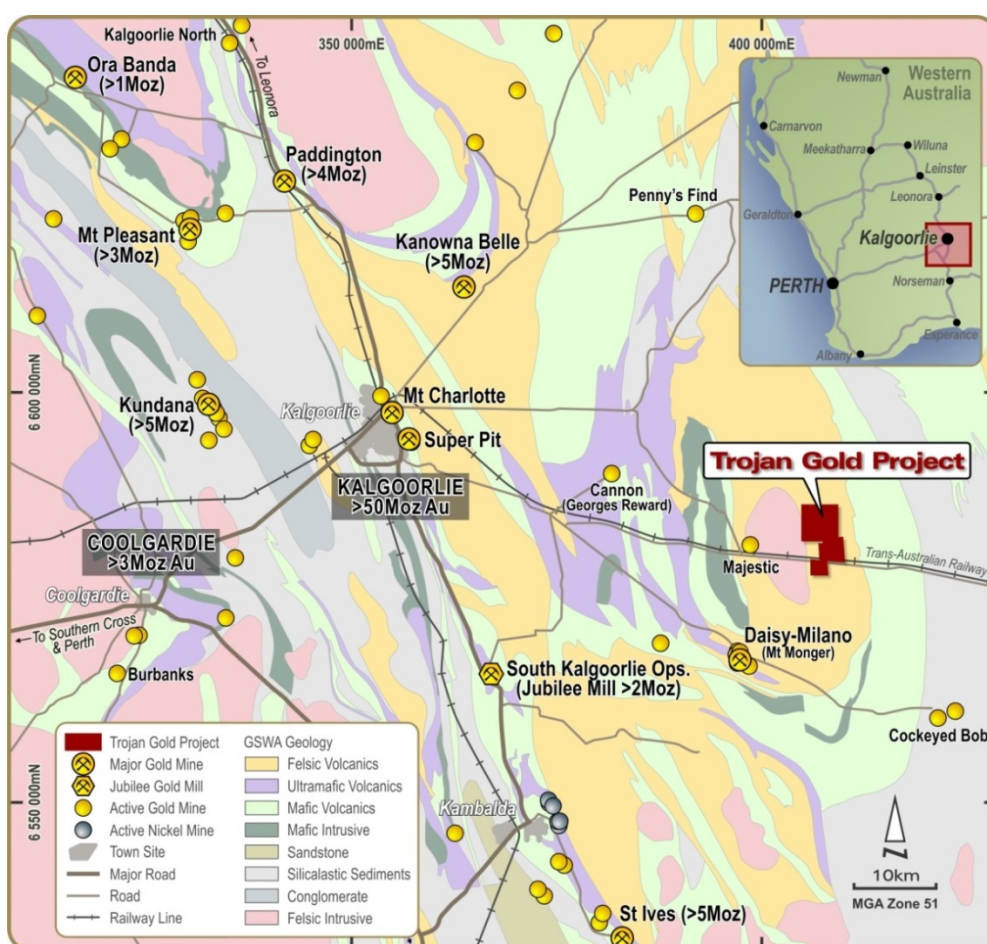


Figure 1. Location of the Trojan Gold Project, Western Australia, including regional geology.

Classification	Tonnes	Grade (Au g/t)	Ounces of Gold
Indicated	1,679,908	1.72	93,117
Inferred	1,114,431	1.44	51,696
<b>Total</b>	<b>2,794,339</b>	<b>1.61</b>	<b>144,814</b>

Table 1. JORC compliant resources at the Trojan Gold Project, using a 0.70 g/t Au cut off

**THE YUKON BASE METAL PROJECT**

The Yukon Base Metal Project in Canada provides Overland considerable exposure to a rising zinc price and mid-term production potential. The Project hosts a JORC compliant resource of **12.6 Mt at 5.3% zinc and 0.9% lead** (see Table 2). The Junction Prospect provides considerable potential to further expand the resource base at the Project, as extensive zinc-in-soil anomalism, with assays up to 0.45% Zn and 6.1 g/t Ag (see Figure 2), have been delineated recently but are yet to be drill-tested. Four anomalies exceed 2,000m in length; with the size and grade of these anomalies comparable to the soil anomalies delineated over the Andrew, Darcy and Darin Deposits that make up the current resource.

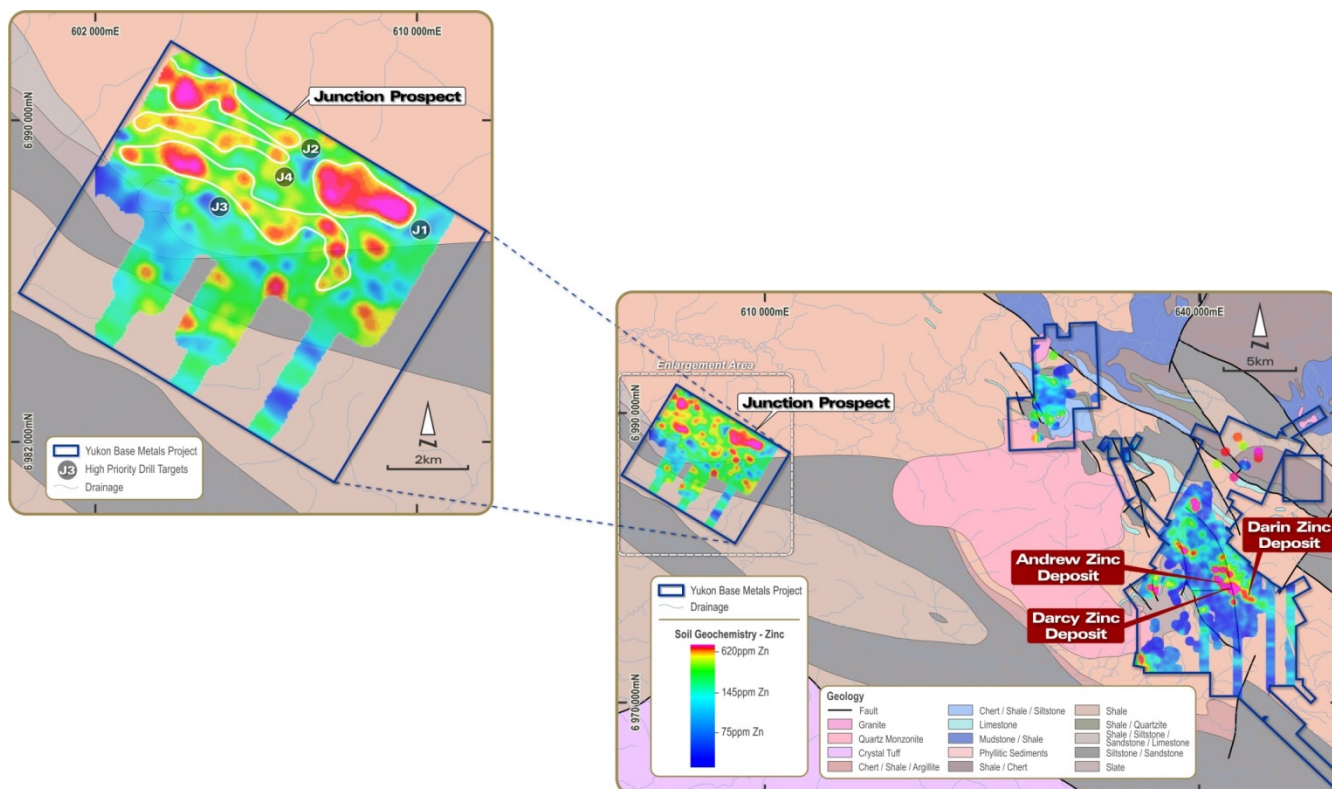


Figure 2. Zinc in soil anomalism at the Junction prospect, including four high priority drill targets.

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Zn (%)	Pb (%)	Tonnes	Zn (%)	Pb (%)	Tonnes	Zn (%)	Pb (%)	Tonnes	Zn (%)	Pb (%)
Andrew	1,730,000	5.3	1.7	4,730,000	6.0	1.6	190,000	4.9	1.6	6,650,000	5.8	1.6
Darcy				1,670,000	4.8	0.0	3,880,000	4.7	0.0	5,550,000	4.7	0.0
Darin							360,000	4.0	0.2	360,000	4.0	0.2
<b>Total</b>	<b>1,730,000</b>	<b>5.3</b>	<b>1.7</b>	<b>6,400,000</b>	<b>5.8</b>	<b>1.1</b>	<b>4,430,000</b>	<b>4.6</b>	<b>0.1</b>	<b>12,560,000</b>	<b>5.3</b>	<b>0.9</b>

Table 2. JORC compliant resource estimate for the Yukon Base Metal Project (lower cut off of 2% zinc and above 1000mRL applied).

**MT McCLEERY COPPER-COBALT PROJECT**

Overland owns 100% of the McCleery Copper-Cobalt Project in the Yukon Territory, Canada that comprises 42 claims covering approximately 9 km<sup>2</sup>. The McCleery Project is located 170km south-east of the Yukon’s capital, Whitehorse and only 40km north-east of the community of Teslin in south-central Yukon. A tractor trail/winter road provides access from the Alaska Highway to within 10km of the Project.

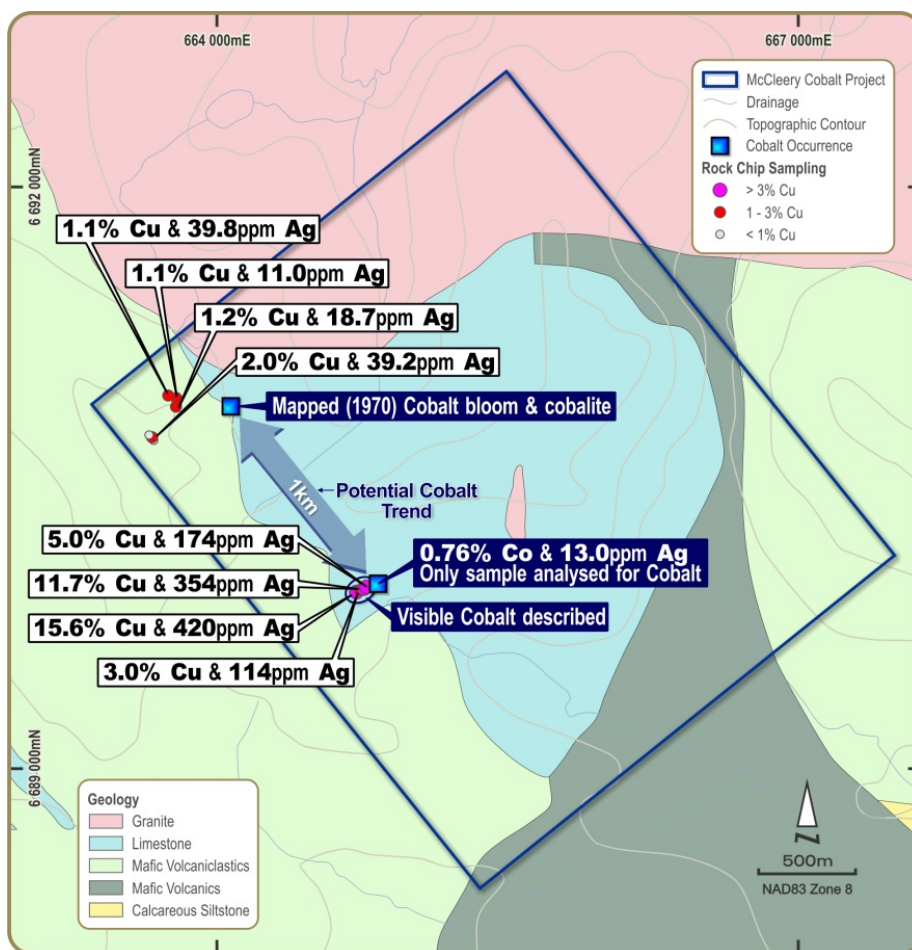
Multiple occurrences of cobalt are reported approximately 1km apart (see Figure 3) with favorable lithology mapped between them. The mapped occurrences contain the minerals cobalt bloom, which is a secondary cobalt mineral, erythrite and cobaltite a primary cobalt sulphide, representing a high priority cobalt target at McCleery.

The Project has not been explored since 1983 and there has never been any drilling. There has never been any focus on the cobalt potential of the Project, rather previous exploration was in pursuit of copper and tin. In 1982 the previous operators carried out mapping and submitted 35 rock samples for analysis, only one of which was assayed for cobalt. This returned:

- **0.76% Co and 14 g/T Ag**

Only 14 of the 35 samples were assayed for copper, with over half the samples returning values greater than 1.0% Cu. Some exceptional results were returned, including:

- **15.6% Cu and 420 g/T Ag**
- **11.7% Cu and 354 g/T Ag, and**
- **5.0% Cu and 174 g/T Ag**



**Figure 3: Sampling and geology at the Mt Cleery Copper-Cobalt Project**

### COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results at the Yukon Base Metal Project is based on information compiled by Mr Hugh Alan Bresser who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bresser is a Director of Overland Resources Limited, he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bresser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Yukon Base Metal Project is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ball is the Manager of Data Geo. Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to exploration results for the Trojan Gold Project and McCleery Cobalt Project is based on information compiled by Mr Ben Vallerine, who is a consultant to the Company. Mr Vallerine is a Member of the Australian Institute of Geoscientists. Mr Vallerine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results (JORC Code). Mr Vallerine consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Trojan Gold Project is based on information reviewed and compiled by Mr Jake Russell who is a Member of the Australasian Institute of Geoscientists. Mr Russell is the Group Chief Geologist at Westgold Resources who own the underlying tenure at the Trojan Gold Project and was the Competent Person when Metals X (now Westgold Resources) originally published the Resource Statement. Mr Russell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Russell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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### CAUTION REGARDING FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. The forward looking statements are made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward looking statements, whether as the result of new information, future events or results or otherwise

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### PREVIOUSLY REPORTED RESULTS

There is information in this announcement relating to previous Exploration Results. 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(s), and that all material assumptions and technical parameters have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.