



## **ASX ANNOUNCEMENT**

### **30 January 2015**

# **December 2014 Quarterly Activities Report**

## **HIGHLIGHTS**

- Blue Vein Project remains on track for development in 2015.
- Geotechnical drilling underway at the site of the proposed portal.
- Land Clearing Permit approved.
- Mining Proposal and Mine Closure Plan submitted.
- Proposals received from open cut and underground mining contractors.
- Existing CIP plants in Australia being assessed for acquisition to minimize capital costs.

In June 2014, Convergent Minerals Limited (ASX:CVG) announced the positive outcomes from its Pre-Feasibility Study ("PFS") into commencing gold production from the high-grade Blue Vein Project at Mt Holland, 100km south of Southern Cross in Western Australia.

The PFS demonstrated a quick payback and strong positive returns from the development of the Blue Vein underground mine and construction of a carbon-in-pulp ("CIP") plant at Mt Holland. Key points from the PFS include:

- Gold production from 2016 to 2018 = 43,000oz/year
- Average mined grade of 5.5g/t gold
- 300,000tpa CIP plant with 94% recovery
- Pre-production capex = A\$39 million
- C1 (cash costs) = A\$722/oz
- All-in-cost (including all capex) = A\$1,188/oz
- Project free cash flow = A\$23 million at A\$1,400/oz gold price
- Planned drilling expected to increase Blue Vein mine life

Permitting and technical work has continued on schedule. This work should enable the development of the Blue Vein Project to commence shortly after the required funding is put in place.

The open cut and underground mining contracts were put out to tender during the Quarter. The level of interest and responses received reflect the highly competitive nature of the mining services sector in the current economic climate.

Diamond drilling at Blue Vein has recommenced as part of the development phase of the project. This drilling is designed to provide geotechnical information in the walls of the planned open pit, as well as ground conditions at the proposed portal location and the path of the planned decline for the underground mine.

The drilling program currently underway consists of three planned diamond drill holes (See Table 1). These holes will be used for compressive strength tests to further assess the ground conditions for the proposed underground mine at Blue Vein.

<b>Blue Vein Gold Project</b>						
Geotechnical Drilling Collar File						
January 2015						
MGA Easting	MGA Northing	RL (m)	Dip (°)	Azimuth (Mag)	Proposed Depth (m)	Target
760229	6440294	438	-60	270	70.00	Path of the decline
760277	6440472	442	-60	270	70.00	Eastern wall of the proposed open pit
760238	6440584	446	-60	180	70.00	Northern wall of the proposed open pit

*Table 1: Proposed drilling summary for geotechnical drilling.*

All necessary permit applications have been submitted to the Department of Mines and Petroleum. A revised Mining Proposal will be submitted following inclusion of additional geotechnical information from the current drilling program.

During the Quarter, the Land Clearing Permit was approved by the Department of Mines and Petroleum (Permit Number 6316/1). This permit allows Convergent to commence clearing of native vegetation on the Blue Vein Mining Lease (M77/1065).

Convergent is continuing to evaluate a number of opportunities to further reduce the upfront capital requirements of the project. These opportunities include the availability of second hand CIP plants within Australia as well as having components of the CIP plant manufactured overseas.

## CASH AND FUNDING

At 31 December 2014, Convergent held cash and net receivables of approximately \$1.3 million and debt of \$2.5 million. The redemption date of the debt has been extended by one month to the end of February on existing terms.

During January 2015, Convergent received a \$572,805 Research and Development (R&D) Tax Incentive Refund for the financial year ending 30 June 2014.

In parallel with the permitting and technical work to advance Blue Vein, Convergent is also working towards putting in place the funding required to develop Blue Vein.

Convergent is well positioned to take advantage of the improving gold price which has increased more than A\$200 per ounce during January and is currently trading at more than A\$1,600 per ounce.

## About Convergent Minerals

Convergent Minerals Limited (ASX: CVG) is a Sydney-based, gold-focused resources company listed on the Australian Securities Exchange.

The Company's main asset is the Mt Holland Goldfield, located approximately 300km east of Perth and 100km south of the town of Southern Cross in Western Australia.

The Mt Holland Goldfield comprises 12 open cut gold mines including the Company's Blue Vein Project. A Pre-Feasibility Study completed in 2014 demonstrated a quick payback and strong positive returns from underground mining at Blue Vein.



The Mt Holland Goldfield includes a tenement package of 358 km<sup>2</sup> centred on the old Bounty Gold Mine, which produced more than 1.3 million ounces of gold over a 12-year period between 1989 and 2001.

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State	Project Name	Tenement Number	Lease Type	Percentage Ownership
<b>Mt Holland Mining Leases &amp; Exploration/Prospecting Licences</b>				
WA	Mt Holland	M 77 1065	Mining	100%
WA	Mt Holland	M 77 1066	Mining	100%
WA	Mt Holland	M 77 1067	Mining	100%
WA	Mt Holland	M 77 1068	Mining	100%
WA	Mt Holland	M 77 1080	Mining	100%
WA	Mt Holland	E 77 1772	Exploration	100%
WA	Mt Holland	E 77 1773	Exploration	100%
WA	Mt Holland	E 77 1775	Exploration	100%
WA	Mt Holland	E 77 1776	Exploration	100%
WA	Mt Holland	E 77 2011	Exploration	100%
WA	Mt Holland	E 77 2080	Exploration	100%
WA	Mt Holland	E 77 2097	Exploration	100%
WA	Mt Holland	E 77 2137	Exploration	100%
WA	Mt Holland	E 77 2162	Exploration	100%
WA	Mt Holland	E 77 2167	Exploration	100%
WA	Mt Holland	E 77 2188	Exploration	100%
WA	Mt Holland	P 77 4068	Prospecting	100%
WA	Mt Holland	P 77 4082	Prospecting	100%
WA	Mt Holland	P 77 4115	Prospecting	100%
WA	Mt Holland	P 77 4220	Prospecting	100%
WA	Mt Holland	M 77 477	Mining	80%
WA	Mt Holland	M 77 478	Mining	80%
WA	Mt Holland	M 77 522	Mining	80%
WA	Mt Holland	M 77 523	Mining	80%
WA	Mt Holland	E 77 1361	Exploration	80%
WA	Mt Holland	E 77 1463	Exploration	80%
WA	Mt Holland	E 77 1535	Exploration	80%
WA	Mt Holland	E 77 1582	Exploration	80%
<b>Mt Holland General Purpose &amp; Miscellaneous Licences</b>				
WA	Mt Holland	G 77 37	General Purpose	100%
WA	Mt Holland	G 77 38	General Purpose	100%
WA	Mt Holland	G 77 45	General Purpose	100%
WA	Mt Holland	G 77 47	General Purpose	100%
WA	Mt Holland	G 77 48	General Purpose	100%
WA	Mt Holland	G 77 49	General Purpose	100%
WA	Mt Holland	G 77 50	General Purpose	100%
WA	Mt Holland	G 77 68	General Purpose	100%
WA	Mt Holland	G 77 70	General Purpose	100%
WA	Mt Holland	G 77 71	General Purpose	100%
WA	Mt Holland	G 77 72	General Purpose	100%
WA	Mt Holland	G 77 73	General Purpose	100%
WA	Mt Holland	G 77 109	General Purpose	100%
WA	Mt Holland	G 77 110	General Purpose	100%
WA	Mt Holland	L 77 59	Miscellaneous	100%
WA	Mt Holland	L 77 85	Miscellaneous	100%
WA	Mt Holland	L 77 96	Miscellaneous	100%
WA	Mt Holland	L 77 107	Miscellaneous	100%
WA	Mt Holland	L 77 176	Miscellaneous	100%
WA	Mt Holland	L 77 193	Miscellaneous	100%
WA	Mt Holland	L 77 194	Miscellaneous	100%
WA	Mt Holland	L 77 198	Miscellaneous	100%
WA	Mt Holland	L 77 199	Miscellaneous	100%
WA	Mt Holland	L 77 200	Miscellaneous	100%
WA	Mt Holland	L 77 205	Miscellaneous	100%
WA	Mt Holland	L 77 206	Miscellaneous	100%
WA	Mt Holland	L 77 207	Miscellaneous	100%
WA	Mt Holland	L 77 208	Miscellaneous	100%
<b>Other Projects</b>				
QLD	Esmeralda	EPM 18050	Exploration	100%

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