

30 October 2009



Quarterly Activities Report

September 2009

- Resource upgrade
- Resource definition drilling program
 - First phase completed
 - Second phase started
- Feasibility study progressing well

Cobar Consolidated Resources is a precious and base metal explorer focussing on the south west margin of the Cobar Basin, aiming to become a globally significant silver producer.

The highlight of the quarter was the revised resource estimate. The Wonawinta silver project now includes an inferred and indicated resource of 50M ounces Ag.

Wonawinta Project – EL6155 and EL7345 (CCR 70%)

The Wonawinta joint venture comprises Cobar Consolidated Resources (70%) and CBH Resources (30%). Cobar is the operator. CBH is not contributing its participating share of the feasibility study costs and its interest is diluting. At 30 September the interests were estimated to be CCR 74%, CBH 26%.

Work continued on the Wonawinta project feasibility study. RMDSTEM Ltd is the project manager for the study.

Resource definition drilling program

A 35 hole resource definition drilling program, focused on the south pit area of the project, was completed in August. The second phase of the program, which will focus on the central and northern pit areas of the project, as well as the Smith's Tank anticline, started in mid October. LEVEL 4

Resource estimation

A revised resource estimate was compiled using the results from the first phase of the RC resource definition drilling program.

The revised resource estimate is set out in the table below.

Classification	Ore	Grade		Contained metal	
	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
Indicated	16	58	1.1	30	182
Inferred	14	46	0.6	20	84
Total	30	52	0.9	50	266

15g/t Ag cut-off factor applied

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The overall mineral inventory at Wonawinta has increased to 50Moz Ag and 226,000t Pb, with 60% of the inventory upgraded from inferred to indicated resource status. The previous inferred resource estimate was 44Moz Ag at an average silver grade of 48g/t.

Metallurgical test work

Confirmatory metallurgical test-work has been conducted on the 2 oxide ore types, which make up around 70% of the resource. The test work has produced higher than expected silver recoveries of 92 to 93% by cyanide leaching. Leaching tests have been undertaken at viscosity levels up to 50% without any loss of silver recovery. The ability to operate at high viscosity levels would reduce the project's water requirements.

Test-work on sulphidic black clays, which lie deeper in the resource and are unlikely to be treated until later in the project lifecycle, has yielded lower recoveries. The reasons for this are not fully understood at this stage and further test work is planned.

We have commenced some preliminary investigations into the availability and suitability of a number of second hand processing plants.

Mining studies

The Company's 2008 scoping study assumed trucks and excavators would mine ore and waste and that all waste would be dumped outside of the pits. A mine schedule prepared by an external consultant was supplied to a number of mining contractors, from whom budget mining cost quotes were sought. These quotes were assessed and an average cost per tonne of \$1.92 per tonne of ore and waste was used in the scoping study.

The Company now believes the mining costs can be significantly improved through;

- In-pit dumping of some waste
- The use of scrapers instead of excavators to mine the waste
- A lower strip ratio – based on optimised mine design of the revised resource.

The lower cost mining costs will be incorporated into revised project economics.

The Company has called for expressions of interest from a number of mining contractors. 12 interested contractors have replied and their responses are being reviewed. A trial pit is being considered to demonstrate the viability of the mining method.

Infrastructure

The focus of infrastructure studies has been more detailed definition of project power requirements and identification of potential water sources for the project. Minimal allowance for infrastructure costs was made in the scoping study.

Marketing and logistics

Preliminary discussions have taken place with potential buyers of Wonawinta lead concentrate.

Permitting and approvals

The first step in the permitting process has been taken with lodgement of a Conceptual Project Development Plan with the New South Wales Department of Primary Industry and Investment, for discussion with Departmental officers on 5th November. After consideration by the DPI, the Plan will be forwarded to the NSW Department of Planning, who will assess the permitting pathway.

Project economics

The results of various aspects of the feasibility study appear likely to improve the assumptions made in the scoping study and therefore enhance the project economics.

Finance

Exploration and evaluation expenditure, including administration, for the quarter was \$763,000. Proceeds from the second tranche of the private placement, net of expenses, of \$1.5M were received early in July. The cash balance as at 30 September 2009 was \$2.7M.

Media and investor enquiries:

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The information to which this statement is attached that relates to exploration results is based on information compiled by Martin Lenard who is a Fellow of the Australasian Institute of Mining and Metallurgy. Martin Lenard consults to Cobar Consolidated Resources Ltd as a full time employee of RMDSTEM Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the "JORC Code"). Martin Lenard consents to the inclusion in this report of these matters based on the information in the form and context in which it appears.

BM Geological Services was engaged in October 2009 by Cobar Consolidated Resources Ltd, to prepare a mineral resource estimate for the Wonawinta silver-zinc-lead deposit in New South Wales. A W Bewsher, Senior Geologist, prepared this report.

The mineral resource estimates in this report have been classified and reported in accordance with the JORC Code. The following statement is made in accordance with Clause 8 of the JORC Code:

The information in this report that relates to mineral resources is based on information compiled by A W Bewsher, who is a Member of The Australian Institute of Geoscientists. A W Bewsher is a full-time employee of BM Geological Services, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to mineral resource estimation processes to qualify as a Competent Person as defined in the JORC Code. A W Bewsher consents to and has provided his prior written consent to the inclusion in this report of these matters based on the documentation in the form and in the context in which it appears.