



Fast Facts

Cap Structure	Aug 2011
Issued Shares	513Mil
Market Cap	A\$26Mil

Directors

Hamish Bohannan	Non-Exec Chairman
Jason Stirbinskis	Managing Dir.
Andrew Ellison	Non Exec Dir.
Tony Martin	Non-Exec Dir.

Company Highlights

- Substantial resource base
- Diversified commodities
- Aggressive exploration
- Proven management
- Project DFS complete

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RECENT METAL PRICES IMPACT ON PROJECT FINANCIALS

Highlights

- The adoption of recent spot prices has led to quantum improvements in the financial returns of the project.
- Project NPV₈ over 50% higher to \$112M
- Pre-tax IRR at 32%

The timing of recent metals market fluctuations which has coincided with the progression of discussions with potential lending institutions and off take partners has prompted Tectonic Resources NL ("Tectonic" or "The Company", ASX:TTR) to re-visit the Phillips River Project Financial model with spectacular results (Fig 1)

	Assumptions in DFS	15/8/11 spot price model	Difference
Gross Revenue	A\$1.05B	A\$1.195B	A\$145m
Project Cashflow	A\$169.4m	A\$238.9m	A\$69.5m
NPV ₈ – Pre tax	A\$106.3m	A\$163.1m	A\$56.8m
NPV ₈ – Post tax	A\$72.4m	A\$112.2m	A\$39.8m
IRR – Pre tax	25.4%	32.0%	6.6%
IRR – Post tax	20.6%	25.9%	5.3%

Figure 1: Phillips River Project DFS outputs compared to outputs generated from taking 15/8/11 spot prices.

The Phillips River project generates revenue from copper, gold, silver, lead and zinc but production of each is not even over the 10 year operating life. This is mainly due to processing of numerous mineralogical domains and mining from 4 different locations.

The Company's Managing Director, Jason Stirbinskis said "With the interplay of metal prices and our diversified and variable commodity mix, we were interested to see what impact recent prices would have on financial performance in the context of our current intended mining and processing sequence. Our DFS base case, based on February spot prices, was appealing and has secured high level interest from potential debt providers. We, and the potential debt providers, have run many scenarios and sensitivities on the project, however recent metals market fluctuations has resulted in some spot prices (fig 2) considerably higher





than Tectonic has tested previously and has resulted in a significant improvement to project NPV”.

The Phillips River Project is most exposed to copper and gold prices which accounts for 80%, or \$800M of project revenue. Revenue from copper concentrates in early years is far greater than gold revenues and this trend is reversed in later years. Mr Stirbinskis added “Our DFS copper price is higher than recent spot and even though copper is the primary income source in early years, the amount of gold revenues generated dramatically over-compensated to bring pre-tax IRR to over 32% using current spot prices”.

The Phillips River Project is targeted for production in 2013. The Company is currently focused on securing debt and offtake agreements while the approvals process progresses through government authorities.

Commodity	Gold US\$/oz	Silver US\$/oz	Copper US\$/t	Lead US\$/t	Zinc US\$/t	A\$/US\$
Current Spot Prices (15 August 2011)	1,740	39	8,845	2,375	2,148	1.0
DFS Metal price inputs.	1,350	25	9,800	2,400	2,300	1.0

Figure 2: Comparison of DFS inputs and spot priced observed on 15/8/11.

For further information please contact:

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ABOUT TECTONIC

Tectonic Resources NL has highly prospective and considerable holdings in Western Australia's southern region near Ravensthorpe, about 180kms from the sea port of Esperance. Tectonic has an exploration office at the Phillips River Project, an 88 room camp established in Ravensthorpe and other infrastructure located at its nearby decommissioned RAV 8 mine and processing facility

Table1: Philips River Project Reserve

Mine	Classification	Mt	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
Trilogy pit	Proved	0.3	2.2	45	0.4	0.2	0.0
Trilogy Pit	Probable	4.04	0.8	57	1.1	2.7	1.6
Trilogy U/G	Probable	0.28	1.0	26	1.3	1.9	1.8
Subtotal Trilogy Ore Reserve		4.63	0.9	55	1.1	2.5	1.5
Flag Pit	Probable	0.21	4.0	3.5	0.50		
Harbour View Pit	Probable	0.20	3.2	1.5	0.38		
Kaolin Pit	Probable	1.27	2.8	1.7	0.18		
Flag U/G	Probable	0.24	5.0	3.5	0.45		
Harbourview U/G	Probable	0.75	3.5	4.0	0.68		
Kaolin U/G	Probable	0.14	4.4	3.2	0.28		
Subtotal Kundip Ore Reserve		2.81	3.4	2.7	0.38	0.00	0.00
Subtotal Proved	Proved	0.30	2.2	45	0.35	0.15	0.01
Subtotal Probable	Probable	7.13	1.8	35	0.82	1.62	0.97
Total PRP Ore Reserve		7.44	1.8	35	0.80	1.56	0.93

Financial Analysis	
Capital cost	~\$133M
Total Revenue	~\$1.05Billion
Life of Mine (LOM)	10 years
Gross operating cost over LOM	\$589M
Cashflow before tax over LOM	\$224M
NPV (8%)	\$72.4M
IRR pretax	26%
IRR after tax and gearing	22.4%
Payback	5 years
Development time	15 months

The Company recently announced the completion of a definitive feasibility study (DFS) for the Phillips River Project. The DFS only considers the ores of Trilogy and Kundip and generates a variety of products including gold dore, copper concentrates and bulk sulphide concentrates. The plant is designed such that a wide variety of ores can be processed to extract maximum value. This flexibility of feed and output is critical as it is highly likely that any subsequent gold, copper or base metal discoveries within the Company's substantial holding will be compatible with the plant.

Table 2: Key outputs from PRP

DFS announced 11/2/11

Competent Person's Statement

The information in this report that relates to Exploration Results, and information in this Ore Reserve statement that relates to Mineral Resource estimates defined as part of the June 2010 Mineral Resource are based on information compiled by Mr Bruce Armstrong, who is a Member of The Australasian Institute of Geoscientists. Mr Armstrong is a full time employee of Tectonic, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this Ore Reserve statement that relates to Ore Reserve estimates is based on information compiled by Mr Geoff Davidson, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a Principal Consultant and Director of Mining and Cost Engineering Pty Ltd and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Competent Persons have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

This announcement contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward-looking statements. No representation or warranty, express or implied, is made by Tectonic that the material contained in this presentation will be achieved or prove to be correct