

5 December 2012



ASX Release Wonawinta November Update

Key points:

- 2.25 tonnes [~72,340 ounces] of silver produced in November
- 54,265 tonnes milled with significant uplift in grade in final week of November
- Manuka and Boundary pit processing operations have begun
- As previously announced, lower than expected average feed grade due to operational issues
- Producing silver on a regular basis with total production in excess of 9 tonnes
- Processed to date less than 0.02% of the 10 million tonne ore body
- Board has full confidence in the current resource estimates but has engaged consultants for third party verification

Cobar Consolidated Resources (ASX:CCU) today announced the Wonawinta Silver Project in western New South Wales had produced 2.25 tonnes [~72,340 ounces] of silver in the month of November.

The mine processed 54,265 tonnes of milled material, providing a final feed grade of 80g/t (unreconciled). Under the current plant configuration, approximately 30% of the Ag is contained in over-size material, which is stockpiled for later treatment through a ball-mill. Installation of the ball mill is underway and scheduled for completion by June 2013.

Wonawinta now has two operational pits, Manuka and Boundary, and commissioning and transition works are nearing completion at the milling plant.

Stockpile Performance

As reported to the market on 26 November, overall feed grade in November was lower than expected. This is principally a result of three operational issues.

1. The grade of a medium-grade stockpile was over-estimated;
2. Material from this stockpile was processed in greater than expected quantity due to a delay in receiving ore from the new Boundary Pit; and
3. The grade of the initial Boundary ore was also affected by excessive mining dilution.

The final average feed grade of 80g/t for the month included a significant uplift in grade in the final week of November.

Milling Operations

CCR is well advanced with debottlenecking and improvement projects at Wonawinta.

The Company is in the process of implementing a batch processing strategy that will allow for the targeted treatment of high and low-grade material to minimise loss of high-grade ore to stockpiles while maintaining total metal input, and improving the efficiency of the milling operation as a whole.

Commissioning of the silver circuit is complete and the Company expects to commission a lead processing circuit in the next 4-6 months.

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Managing Director of CCR Mr Ian Lawrence said: “The issues we experienced with ore grade during the month were disappointing, but we understand the cause of the error and have moved to rectify the issue immediately.

“This is a start-up mine and the issues we are experiencing are not unusual for this type of operation. We are dealing with a new ore body without many parallels, and we are gaining knowledge through operatorship as we look to ramp-up to nameplate capacity of around 800,000 tpa.

“Most importantly, there is no evidence to suggest the stockpile grade-estimation issue should lead to a recalculation of Wonawinta’s independently-assessed resources and reserve base. At this stage we have processed less than 0.02% of the 10 million tonne ore body and have full confidence in the current resource estimates.”

As previously announced resources and reserves have been calculated and reviewed independently by a third party assessor. To provide further assurance CCR’s Board has engaged consulting firm Optiro to review the current resource calculation.

The CCR Board has also engaged a consultant (Mining One) to audit the mining control processes and identify possible improvements. The Company expects this review to take 3 to 4 weeks.

Mr Lawrence added: “The Company has ore blocks to mine while these assessments are taking place, we have a new Metallurgy Manager in place overseeing the milling operations, a new Project Manager for the improvement project and senior management are actively involved at the mine site as we finalise commissioning and transitioning.”

Wonawinta Silver Project

CCR reiterates the following information about the Company and the Wonawinta Silver Project:

- Wonawinta has a total reserve estimate of 10.1 million tonnes of silver grading 80g of silver per tonne and an indicated and inferred resource of 26 million tonnes of silver ore
- First silver was poured in July 2012
- Produced in excess of 9 tonnes (290,000 oz) of silver to date
- Processed to date less than 0.02% of the 10 million tonne ore body
- \$12 million cash at bank, enough to cover all overheads and current capital works

Mr Lawrence said: “While the November feed grade issue is regrettable the fact remains that we are operating a mine which has gone from an original JV agreement to production in less than 60 months.

“The Company is well on the way to being a low cost silver producer benefitting from a buoyant silver price that is underpinned by a compelling story for sustained long term demand in the metal.”

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