

23 January 2012



## ASX Release

### Reserve Upgrade

- **83% more silver ounces**
- **122% more tonnes**
- **17 g/t lower average silver grade**
- **Project life increased**

Cobar Consolidated Resources (ASX:CCU) today released an updated ore reserve estimate for the Wonawinta Silver Project.

	Ore	Grade		Contained metal	
<i>Classification</i>	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
<b>Probable</b>	<b>10.1</b>	<b>80</b>	<b>1.1</b>	<b>25.9</b>	<b>107</b>

Compared with the April 2010 ore reserve, the new ore reserve estimate represents an 83% increase in silver ounces, a 122% increase in the tonnage of ore and a decrease of 17g/t in the average silver grade.

Managing Director Ian Lawrence said, "Our strategy at Wonawinta has always been production driven – that is, to develop the mine, start operations and generate cash flow in as short a time as possible. We have pursued this because we believe it generates greatest value for our shareholders.

"We committed to the project based on an initial project life of 5 years because we had great belief in our potential to add to reserves both in terms of upgrading the existing resource and also, through exploration success, by adding to the resource base.

"Today's announcement validates the first leg of the growth strategy. At an average annual throughput of 2.5M ounces of silver we have doubled the project life from 5 to 10 years", he said.

### **Background**

The revised ore reserve is derived from the indicated resource that was announced on 8 November 2011. The revised resource included the results of an additional 320 RC holes drilled in the Manuka, Boundary and Pothole Pit areas, including 240 holes drilled in the Manuka Pit area on a 20m x 20m grid. The work resulted in significant conversion of inferred to indicated resources along strike extensions of the proposed pits.

Following compilation of the drill results, a revised resource estimate was calculated using a cut-off grade of 22g/t Ag as shown in the table below.

	Ore	Grade		Contained metal	
	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
<b>Indicated</b>	16.9	66	0.9	36.0	148
<b>Inferred</b>	9.1	58	0.7	16.8	61
<b>Total</b>	<b>26.0</b>	<b>63</b>	<b>0.8</b>	<b>52.8</b>	<b>209</b>

The revised ore reserve below is based on the indicated resource above.

<i>Classification</i>	Ore	Grade		Contained metal	
	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
<b>Probable</b>	<b>10.1</b>	<b>80</b>	<b>1.1</b>	<b>25.9</b>	<b>107</b>

**Footnotes:**

1. Ore Reserves are included in the Mineral Resource.
2. Cut-off grade of 22 g/t silver equivalent using a silver price A\$30.00/oz and lead price A\$1,869/tonne.
3. A global dilution factor of 3 g/t silver has been applied.

For comparative purposes the April 2010 ore reserve is shown in the table below.

<i>Classification</i>	Ore	Grade		Contained metal	
	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
<b>Probable</b>	4.6	97	1.4	14.3	64

**Footnotes:**

1. Ore Reserves are included in the Mineral Resource.
2. Cut-off grade of 32 g/t silver equivalent using a silver price A\$14.67/oz and a lead price A\$1,323/t

The new ore reserve was subjected to a range of sensitivities and found to be relatively insensitive to metal price.

The new ore reserve and resource will be used to construct a new life of mine plan. It is unlikely that the production profile in years 1 and 2 will change significantly. The increased reserve does however give rise to options for higher throughput rates in years 3 and beyond. The processing plant has been designed to accommodate this.

Further drilling of the inferred resource will be conducted with the objective of converting inferred to indicated resource.

For further information contact;  
Trevor Shard  
Company Secretary  
[tshard@cctlimited.com.au](mailto:tshard@cctlimited.com.au)

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 is a full time employee of Cobar Consolidated Resources 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 2011 by Cobar Consolidated Resources Ltd, to prepare a mineral resource estimate for the Wonawinta silver-lead-zinc deposit in New South Wales.

The information in this report that relates to mineral resources is based on information compiled by A M Bewsher, who is a Member of The Australian Institute of Geoscientists. A M 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 M 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.

The information in this report that relates to ore reserves is based on information compiled by P W Llewellyn who is a Fellow of The Australasian Institute of Mining and Metallurgy. P W Llewellyn consults to Cobar Consolidated Resources Ltd and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to ore reserve estimation processes to qualify as a Competent Person as defined in the JORC Code. P W Llewellyn 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.

Ore Reserves were estimated using all available geological and relevant drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities. Ore Reserve estimates were determined by the consideration of all of the “modifying factors” in accordance with the JORC Code 2004, including product prices, mining costs, metallurgical recoveries, environmental consideration, access and approvals.