

5 June 2012

## PRODUCTION GUIDANCE FY12 AND FY13

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**EXPECTED PRODUCTION OF 82,000 OUNCES IN FY12 RISING TO 100,000 OUNCES IN FY13**

**CONTINUED UNDERGROUND DEVELOPMENT OFFERS EXCELLENT POTENTIAL TO EXCEED FY13 GUIDANCE**

Integra Mining Limited (**ASX:IGR, Integra**) is pleased to report that it is well on track to produce 100,000oz in FY13 at its Randalls Gold Project in WA.

The increased production rate, which will stem in part from the crusher / classification circuit upgrade due for completion in July, is forecast to generate a \$52 million cash profit from operations in the year to June 30, 2013 (using a conservative A\$1500 per ounce gold price).

This result will reflect Integra's extremely robust cash operating margins, which are underpinned by forecast average cash costs of \$850 per ounce for FY13 reducing to \$750 per ounce by the end of FY13.

The increase in the cash cost of production is partly due to the accounting treatment of Integra's stockpile, which is expected to contribute 550,000 tonnes to total plant throughput in FY13. The accounting treatment requires that the cost of mining this 550,000 tonnes be included as a cash cost, even though Integra has already paid this cost. This cost, accrued from previous expenditure, is approximately \$66 per ounce for the stockpile feed. Integra has invested some \$60 million in building the current 1.9Mt stockpile and will, in FY13, seek to realise a proportion of its latent value.

In addition, Integra has not been immune to industry-wide increases in costs with some \$1.5 million of additional electricity costs included in the FY13 forecast of which approximately 50% of the increase or \$750,000 is attributable to the carbon tax.

For much of FY13, process facility feed will be sourced 50-50 from the high-grade Maxwells open pit and the stockpiled medium-grade ore. This will maintain a circa 2.7 g/t gold head grade.

Pre-stripping of the Majestic open pit is expected to commence in March and will provide initially modest volumes of higher-grade feed. This will replace the mill feed of the stockpiled ore from around May 2013 onwards and will result in higher feed grades into FY14 as Majestic hits full production. As the Majestic gold deposit approaches full production, the cash cost of production is forecast to reduce to \$750 per ounce in the June quarter 2013 as forecast feed grades increase to +3g/t gold.

Integra has recently been granted a Mining Lease over the Majestic gold deposit, an area which also includes the recent Imperial high-grade gold-copper discovery.

No additional underground production beyond the current trial mining exercise at the Cock-eyed Bob gold deposit has been budgeted in the FY13 production guidance. However, subject to the successful completion of the trial mining exercise, Board approval would be sought to continue the production development of the Cock-eyed Bob gold deposit and to commence development of the Santa gold deposit underground. If these ongoing and additional developments were to occur, more high-grade feed from these underground sources would be available for processing during FY13 and would provide upside to the FY13 production guidance.

Integra expects to produce 82,000oz in FY12, with guidance of 16,000 ounces production in the current June Quarter. This takes into account the continued impact on production of crusher mechanical issues

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highlighted in the previous quarter. Crushing and classification circuit upgrades are underway and are expected to mitigate the mechanical problems encountered, especially with regards to the tertiary crusher. The original classification screen unit installed during project construction is of an out-dated and inefficient design resulting in approximately 20% of fine ore, which should be reporting to the ball mills, being recirculated back to the tertiary crusher. This additional and otherwise unnecessary load on the tertiary crusher has resulted in numerous mechanical failures of crusher shafts, drive motors, belts and bushes.

The current crushing / classification circuit upgrade, which involves the installation of a more efficient classification screen unit, improvements to crushed stocks mill feed infrastructure, replacement of the primary crusher vibrating feeder with an apron feeder and various other minor modifications is expected to increase throughput capacity from 1Mtpa to 1.2Mtpa from July onwards as per previous guidance.

Integra is in advanced discussions with its project financiers to replace the existing project finance facility with a corporate facility of \$20 million providing Integra with the financial capacity for opportunistic acquisitions. Integra's total project debt is currently \$8.4 million (down from an original \$45 million) and is a very low level of gearing given the Randalls Gold Project has a defined 5 years of open pit mine life and the massive 1.9Mt stockpile containing over 90,000 ounces of gold at a grade of 1.53 g/t gold for which the mining cost has already been paid.

**Yours sincerely,**

**Chris Cairns**  
**Managing Director**

*Information in this announcement that relates to Exploration Results and Mineral Resources has been reviewed by Chris Cairns, Managing Director who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Chris Cairns is a Member of the Australian Institute of Geoscientists and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



*New 'banana' screen unit on-site and ready for installation.*