

14 January 2013



## ASX Release December 2012 Quarterly Activities Report

- Record monthly silver production in December – 109,000oz silver contained in dore and 36,000oz silver in concentrate
- November grade issue rectified
- High pressure sprays installed, reducing oversize material
- New General Manager Operations appointed at the Wonawinta Silver Project
- First silver hedging commitment of 180,000oz closed out

Cobar Consolidated Resources is pleased to report on its December quarter activities. The Company is ramping up to a production rate of 800,000 tonnes ore throughput per annum.

### Wonawinta Silver Mine

#### Quarterly Production Summary

	Unit	Oct-Dec 2012	Year to date
<b>Mine production</b>			
Waste mined	BCM '000s	737	1,538
Ore mined -dry	t	198,765	327,800
Mined grade - silver	g/t	90	83
Mined grade - lead	%	1.7%	1.5%
<b>Processing Plant</b>			
Ore processed	t	177,919	253,480
Ore grade - silver	g/t	93	87
Ore grade - lead	%	1.6%	1.4%
Recovery - silver	%	81%	84%
Contained Silver In Dore	ozs	277,473	354,323

#### Notes

1. **The tonnes, grade and recovery of ore processed do not reconcile with silver produced due to the build-up of in-circuit stocks.**  
**These stocks include;**
  - **approximately 41,000 tonnes of oversize material at 91g/t silver and**
  - **36,000 oz of silver produced in December which was not smelted and was contained in concentrate**

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## Processing Plant

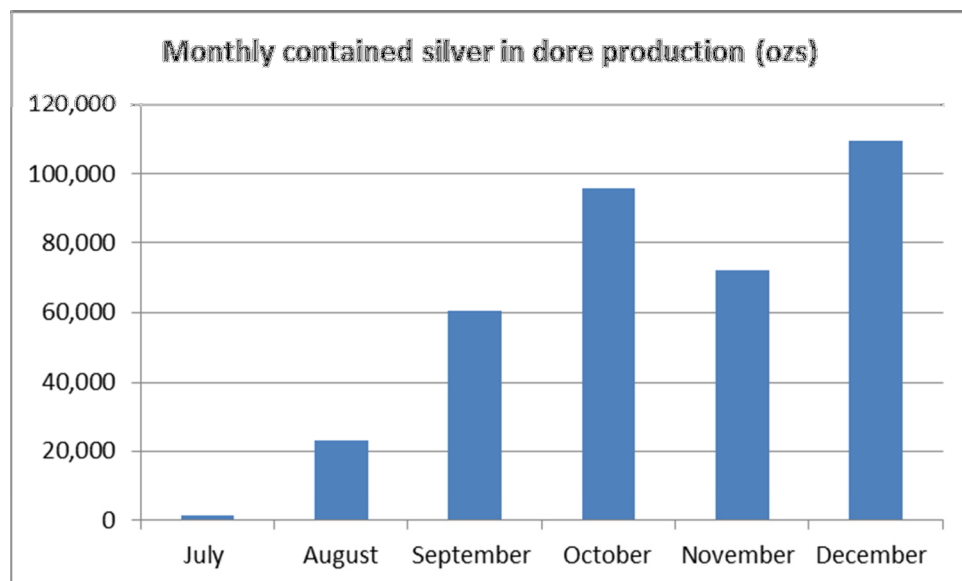
During the quarter 177,919 tonnes of ore was processed at an average grade of 93g/t silver. The feed grade was impacted by a batch of lower grade stockpile ore, as announced by the company in November. The average feed grade in December was 103g/t silver.

Silver recovery of 81% was lower than the September quarter, and metallurgical investigation of possible causes is continuing.

In December, high pressure sprays were installed on the double deck screen to decrease the amount of oversize ore rejected to the screen oversize stockpile. While the sprays have resulted in a significant reduction in oversize material, the Company is planning to install a disintegrator to further reduce the amount of oversize ore. The disintegrator is expected to be installed during the March quarter. Installation of a ball mill in June 2013 is expected to eliminate oversize material.

The silver room is experiencing higher than anticipated moisture levels in concentrate resulting in a bottleneck at the retort. Some silver concentrate is being transported off site for mercury removal and then returned to site for final dore production.

The chart below shows monthly silver production up to 31 December 2012.



In addition to the contained silver in dore produced, the Company had 36,000oz of silver contained in concentrate in stock at 31 December 2012.

## Mining and Geology

A total of 198,765 tonnes of ore was mined and delivered to the ROM pad from the Manuka and Boundary pits during the quarter. Ore mined to date represents 3% of the ore reserve.

Mining was focused on the removal of remaining clay ore in the Manuka Pit and the transition to the Boundary Pit, which will be the main source of high grade ore in the first half of 2013. Development of the Boundary Pit and associated stockpile area was completed in November.

To date all ore from the Manuka Pit has been mined by excavator, without requiring blasting. Around 200,000 tonnes of harder ore has been exposed or partially exposed in lower sections of the pit. This ore will require drilling and blasting and will be mined in the March quarter. The Company received a blasting permit in December.

Stage 1A of the Tailings Storage Facility was completed during the quarter. Stage 1B is expected to commence in the second half of this financial year.

The preparation of a revised six month mining plan is nearing completion.

An internal review of the resource and reserve estimates together with an external review of processes is underway. Interim recommendations have been implemented.

### ***Personnel***

Mr Tom de Vries joined the Company in December as General Manager Operations at Wonawinta. Mr de Vries' previous roles included operational general manager at Renison Bell tin mine in Tasmania and the Costerfield gold-antimony mine in Victoria.

### ***Safety***

There was 1 lost time injury recorded during the quarter when a water cart rolled off an access road in the tailings storage facility. The water cart operator suffered neck and back strain. Wonawinta's lost time injury frequency rate on a rolling 12 month basis (per million man-hours worked) is 6.

### ***Finance***

The cash balance as at 31 December 2012 was \$9.7M.

The Company has closed out the first of its 10 quarterly 180,000oz silver hedging commitments at a realised price of A\$28.80.

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