



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 11 MARCH 2013

PRELIMINARY METALLURGICAL TEST-WORK RESULTS FOR MABILO PROJECT

The Board of Sierra Mining Limited (“the Company” or “Sierra”) is pleased to present results from preliminary metallurgical test-work on three samples of copper and gold bearing magnetite skarn from the Mabilo Project in the Philippines.

The results from the preliminary test-work were positive, with excellent initial recoveries achieved for both copper and magnetite. No work has yet been completed for precious metals.

The test-work, conducted by TBM Mining Met Services Inc in Manila, was limited to the primary skarn mineralisation and undertaken to confirm that the copper could be recovered by flotation and the magnetite by magnetic separation. The three samples represent a range of Cu and Fe values consistent with and representative of the variation recorded in the magnetite skarn mineralisation.

A more comprehensive and quantitative metallurgical study is currently being planned.

Copper flotation test-work

A single stage rougher flotation test was conducted on two of the samples. The samples were ground in a ball mill to 80% passing 200 mesh and Flotrea collectors and frothers were used for the flotation. Analyses of head and product grade was undertaken by XRF at the Intertek laboratory in Manila.

Copper recoveries to concentrate of 91.86% and 96.43% were achieved, with concentrate grades of 17.93% Cu and 21.24% Cu respectively. The third sample was not included in the flotation test-work. Gold and silver recovery was not assessed.

The results indicate high Cu recoveries to high grade concentrates can be expected from more detailed and quantitative flotation test-work.

Magnetic separation test-work

Two separate sub-samples were split from each of the three ore samples and prepared, tested at various magnetic intensities and analysed separately. The samples had not been subjected to prior flotation test-work.

Test 1 - samples were ground in a ball mill to 80% passing 200 mesh and analysed by XRF at Intertek Laboratory in Manila.



Test 2 - samples were pulverized to 80% passing 140 mesh and analysed by wet chemistry (gravimetric) at the Philippines Government Mining and Geosciences Bureau (“MGB”) Chemical Laboratory.

Davis tube test-work was conducted on all six sub-samples. A portable standard magnetic block separator was also used to test the magnetite recovery in the three Test 2 sub-samples at a higher magnetic intensity.

Davis tube test work was conducted at 600, 1200, 2000 and 2500 gauss on all six sub-samples, demonstrating increasing recovery with increasing magnetic intensity in both tests for all three samples. Recoveries at 2,500 gauss were moderate, however a high quality concentrate was produced as shown in the table below.

| Sample | Test | Intensity Gauss | Recovery % Fe | Grade % Fe |
|--------|------|-----------------|---------------|------------|
| A | 1 | 2,500 | 36.13 | 62.67 |
| A | 2 | 2,500 | 36.39 | 58.95 |
| B | 1 | 2,500 | 32.29 | 66.67 |
| B | 2 | 2,500 | 28.67 | 64.53 |
| C | 1 | 2,500 | 31.86 | 65.55 |
| C | 2 | 2,500 | 29.63 | 62.98 |

Increasing the magnetic intensity to 3,000 gauss, using the portable standard magnetic block, significantly increased recovery with only a relatively minor decrease in grade. The results are summarised below

| Sample | Test | Intensity Gauss | Recovery % Fe | Grade % Fe |
|--------|------|-----------------|---------------|------------|
| A | 2 | 3,000 | 61.09 | 52.71 |
| B | 2 | 3,000 | 70.33 | 62.25 |
| C | 2 | 3,000 | 85.93 | 56.10 |

TBM Mining Met Services concluded “It was demonstrated in the testwork that the three samples responded well to magnetic concentration. At higher magnetic intensity (3000 Gauss), the yield increased significantly. Concentrate grade of 62 to 66% Fe can easily be achieved with the appropriate employment of magnetic intensity levels. This range of concentrate grades of iron is of premium quality marketable grade.”

Background on the Mabilo Project

The Mabilo Project is located in the Paracale Mineral District of Camarines Norte Province, Eastern Luzon, Philippines. It is easily accessed by 20km of all-weather road from the highway at the nearby town of Labo. The Project comprises one permit application APSA-V-001 of approximately 498ha. The Permit is centered on a window of outcropping garnet-magnetite skarn within the Universal Formation at the Venida deposit, which was originally worked as an iron mine from 1963-65.

A ground magnetic survey conducted in 2007 noted that the magnetic susceptibilities were extremely high and the strong anomalous “lows” (indicating highly magnetic rocks) were indicating magnetite mineralisation. Seven magnetic target bodies were modeled as the



interpreted main sources for the ground magnetic anomalies in the southern part of the tenement but no further exploration was conducted at that time.

In the second half of 2012 Sierra initiated a 12 hole reconnaissance drill program at the Mabilo Project designed to test a number of magnetic anomalies from the 2007 survey.

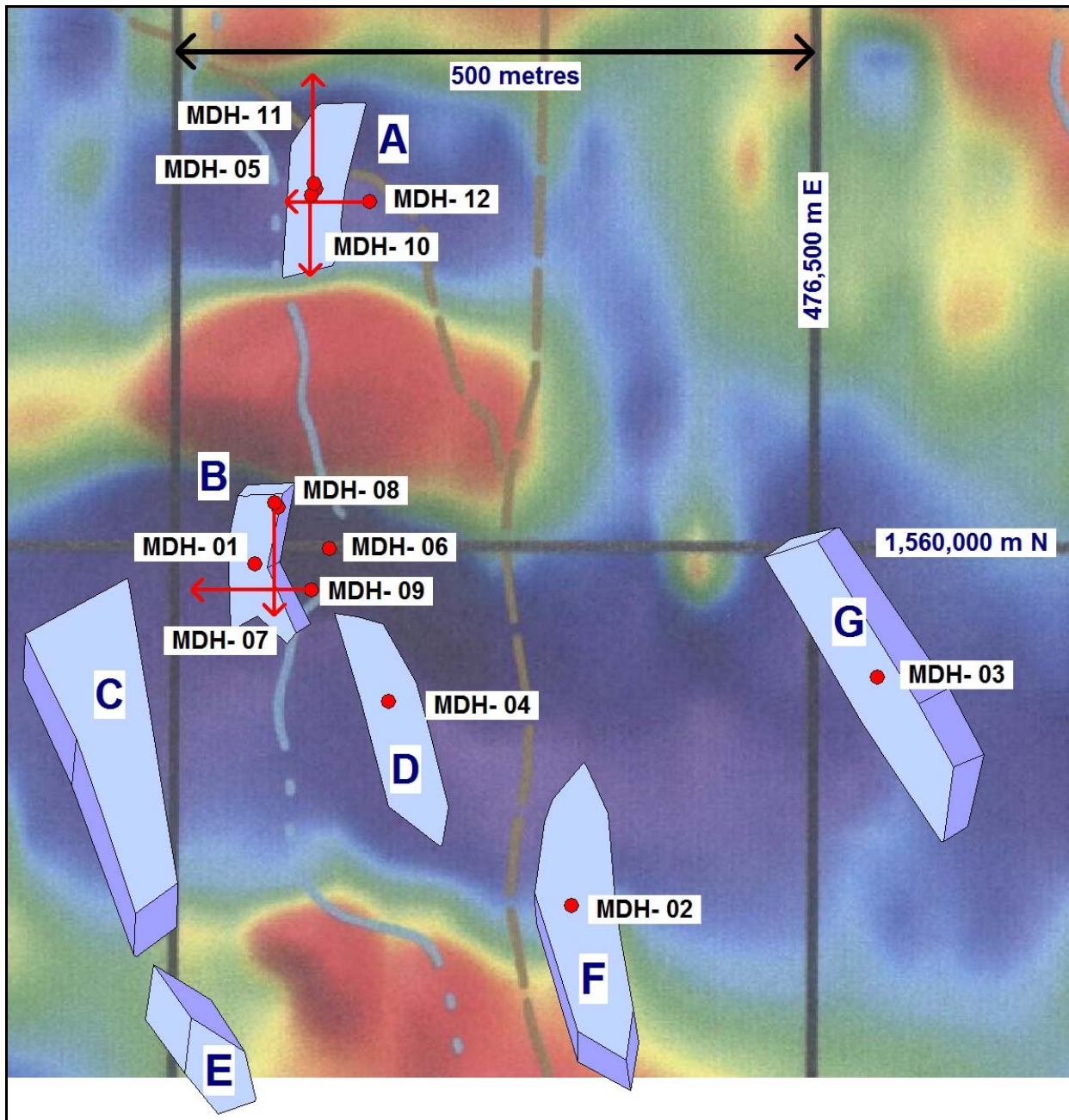


Figure 1. Location of target zones and drill holes.

Overall the drilling encountered extensive sequences of calcic skarn alteration, developed in calcareous sediments of the Universal Formation, which are intercalated with less altered non-calcareous units and unconformably overlain by post mineralisation lahar breccias and tuffs of the Labo Volcanics.



In places the calcic skarn rocks have been replaced by massive bodies of magnetite skarn containing significant chalcopyrite, which occurs as aggregates and disseminations. The upper section of the magnetite skarn is variably weathered with pre-Labo Formation erosional surfaces evident. The weathered zone is extensive in Target B, with a ferruginous clay zone at the surface grading to compact hematite - limonite weathered skarn with relict magnetite in places, to magnetite skarn with chalcopyrite at the base. While generally massive the magnetite skarn contains relict patches of both unaltered non-calcareous sediments and calcic skarn rocks as well as significant zones of pyrite, which has replaced the magnetite.

Copper and gold show a close correlation in the un-weathered magnetite skarn but poor correlation in the weathered Fe skarn, where both are variably enriched, with a prominent supergene Cu enriched zone (featuring extensive native copper in places) near the base of the weathered zone. Bornite and chalcocite appear to be the main Cu bearing minerals in the weathering zone.

The calcic skarn rocks both within and adjacent to the edges of the magnetite skarn are weathered and mineralised in places, with fine grained chalcopyrite, pyrite and molybdenite along veins and fractures, and zones of broken ferruginous rocks interpreted as faults containing mineralisation remobilised from the magnetite skarn.

The best intersections are shown in the table below.

| Hole | Interval | Metres | Au g/t | Cu % | Ag g/t | Fe % |
|---------------|-------------------|-------------|-------------|-------------|-------------|--------------|
| MDH-01 | 26 - 86 | 60 | 2.28 | 3.28 | 11.8 | 49.05 |
| MDH-05 | 51 - 113 | 62 | 2.66 | 2.76 | 10.3 | 48.82 |
| MDH-07 | 39 - 136 | 97 | 2.25 | 2.22 | 7.1 | 50.26 |
| MDH-09 | 34 - 121 | 87 | 2.94 | 1.74 | 7.9 | 43.44 |
| MDH-10 | 59 - 123.4 | 64.4 | 2.25 | 2.28 | 10.2 | 45.25 |
| MDH-12 | 62 - 119 | 57 | 2.30 | 2.37 | 8.9 | 45.02 |

The reconnaissance drilling program indicated that the magnetite bodies are at shallower depths and less thick than the previous geophysical modeling had indicated. The Company engaged Southern Geoscience Consultants (SGC) to review and re-model the original magnetic data, incorporating the results from the first five drill holes. SGC are of the opinion the original raw data was of poor quality and Sierra plans to undertake a more detailed ground magnetic survey in 2013, prior to further drilling.

The information in this report relating to exploration results, mineral resources or ore reserves is based on information provided to Mr Robert McLean by Sierra Mining Limited. Mr McLean is an independent consultant geologist and is a corporate member of the Australian Institute of Mining and Metallurgy. Mr McLean has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and "Competent Person" under the JORC Code. Mr McLean consents to the inclusion in the report of the matters based on the information he has been provided and the context in which it appears.

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