

HEEMSKIRK

Announcement



2 June 2010

Los Santos: Project 65/65 moves to production

For further information, please contact:

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Kevin Robinson
Managing Director



KEY POINTS

- Los Santos Project 65/65 mill upgrade complete
- Up to 70 tonnes per hour (tph) achieved during commissioning
- Mining contractor in full production

Heemskirk is delighted to announce the recommencement of production at its Los Santos Tungsten operation.

Following a period of redesign, reconfiguration of the process flowsheet, development and pre-ore testing, processing of ore recommenced on Monday 31 May.

With the installation of an additional mill, a 230% increase in spiral separators and an increase in gravity tabling capacity of more than 300%, the plant has already achieved throughput rates in excess of the planned 65tph during commissioning.

Performance of the new mining contractor also has exceeded early performance forecasts with a significant ore stockpile sitting ahead of the mill, ready for processing.

Mr Kevin Robinson, Managing Director, said

"Project 65/65 was designed to provide the flexibility to lift milling capacity to 65tph and deliver 65% recovery of scheelite to concentrate. Although it is in initial stages, we are enthusiastic about the plant performance demonstrated through commissioning process."

We are fortunate to be commissioning this modified plant with the experienced team who ran the original plant from start up. It is a credit to them how quickly they have implemented the construction changes during the commissioning process."

Although final concentrate has not yet been dried ready for sampling and shipment, the obvious scheelite recovery seen on the tables (see Figure 3) has really put a "spring in the step" of the site team."

We have over 11,000t of crushed ore stockpiled ready for processing with concentrate production to start later this week."

SANCHEZ y LAGO (SyL) – the new mining contractor has mobilised its new fleet and has made some dramatic improvements to the mining activity on site."

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We are now blasting, sometimes twice per day in smaller blasts on a reduced bench height of 5m to minimise dilution.

The equipment is well matched to the work required and we compliment the SyL crew on its approach to the task.

Finally, as I have mentioned previously, the engineering, procurement, construction and installation work has been undertaken largely by our own people.

What they have achieved under the direction of Paul Berndt – the Managing Director of our Spanish operations – has been a fantastic accomplishment. From a standing start in mid October 2009, this project has come together, without incident and for around €2m. We are a little behind schedule (one month), however considering the gruelling Northern Hemisphere weather experienced during the most difficult period of construction, this has been a remarkable feat.

Importantly, our production of tungsten concentrate is commencing in a period of well documented increased global demand and improved pricing complemented by a declining euro."



Figure 1: Newly installed spirals prior to commissioning



Figure 2: SyL's new mining fleet assembled in Los Santos South pit

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Figure 3: Concentrate production on tables following recommissioning

Directors

Bruce Kay
(Non-Executive Chairman)

Ross Herron
(Non-Executive Director)

Lex Hansen
(Non-Executive Director)

Kevin Robinson
(Managing Director)

Peter Bird
(Executive Director
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Figure 4: Crushed ore stockpiled ready for milling