

ASX Release

March 2013 Quarterly Activities Report

- Silver production impacted by oversize ore
- Ball mill arrived on site, civil works well advanced
- Second silver hedging commitment of 180,000oz closed out
- Funding initiatives announced to support working capital position and debt repayments

Cobar Consolidated Resources today reported on its March 2013 quarter activities.

Wonawinta Silver Mine

Unit	Oct-Dec 2012	Jan-Mar 2013	Year to date
Mine production			
Waste mined BCM '000s	737	474	2,012
Ore mined -dry t	198,820	204,290	532,145
Mined grade - silver g/t	90	97	88
Mined grade - lead %	1.7%	0.8%	1.5%
Processing Plant			
Ore processed t	177,919	171,398	424,878
Ore grade - silver g/t	90	101	93
Ore grade - lead %	1.6%	1.4%	1.4%
Recovery - silver %	80%	79%	81%
Contained Silver In Dore ozs	277,473	231,253	585,576

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 397,000 ounces of silver in oversize material which has accumulated since production started in July 2012 and**
- **36,000 oz of silver which contained in concentrate as at 31March 2013**

Processing Plant

During the quarter 171,398 tonnes of ore was processed at an average grade of 101g/t silver.

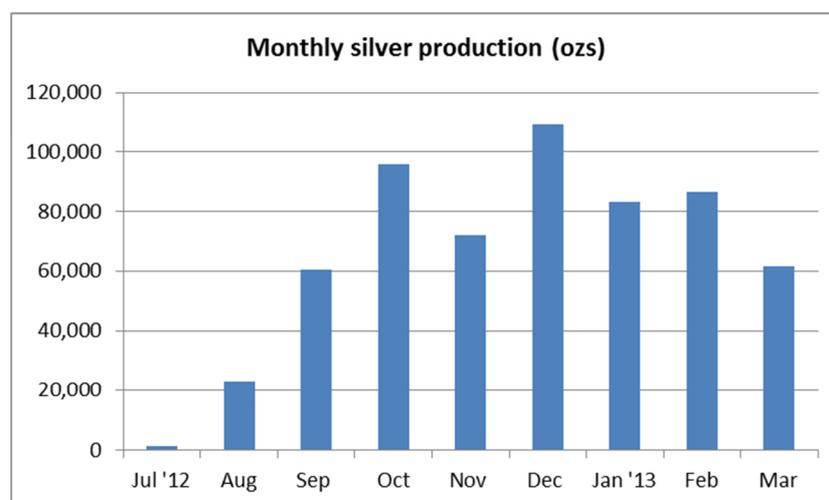
Silver recovery for the quarter was 79% but between February and March the level of coarser feed to the leaching circuit was reduced, and recovery improved from 77% to 84%. Recoveries have maintained that level in April.

The level of oversize ore increased during the quarter. The amount of silver contained in oversize ore has increased from 120,000oz as at 31 December to 397,000oz at 31 March. A number of initiatives to reduce the level of oversize have been implemented, including a mobile crusher, a disintegrator and high pressure sprays behind the log washer. While there has been some success, the issue will not be fully rectified until the ball mill is installed.

The ball mill arrived on site in March, as shown below. Site civil works are well advanced and installation is expected to be completed in June with the mill operating in July. The ball mill is expected to eliminate the oversize issue altogether and it will also treat any harder ore which presents.



The chart below shows monthly silver production up to 31 March 2013.



In addition to the silver in dore production in March there was 36,000oz of silver contained in concentrate stock at month end.

Mining and Geology

A total of 171,398 tonnes of ore was mined and delivered to the ROM pad from the Boundary pit during the quarter. Some Boundary ore was mined by drill and blast.

Mining activities were reduced to day shift only as ore stocks are sufficient to supply the processing plant for the short term.

The next stage of tailings dam construction is expected to begin in May.

Exploration

A 110 hole RC program totalling 6,429m was completed in the Wonawinta area. Most drilling was undertaken over a 9km strike length of the Wonawinta Anticline in the mine area (Figure 1), with smaller programs at Smith's Tank Anticline and the Junction Prospect (Figure 2).

The objective of the drilling was to identify areas within the existing resource with the potential for upgrading from inferred to indicated resource, and to locate new areas with the potential for additional oxide silver resources. Targets were based on soil geochemical anomalies and/or existing drilling data.

The most significant result from within the existing inferred resource area was at the southern end of target 1D where CCRC959 intersected 5m @ 139 g/t Ag from a depth of 26m. Infill drilling is required to test the extent of this mineralisation which is open for 500m along strike to the north and south.

Drilling at target 2D (Figure 1) has identified a new zone of oxide mineralisation on the eastern limb of the Wonawinta Anticline. The zone extends over a strike length of 2.5km and an east-west extent of 100-300m. Grades in the wide-spaced drilling completed to date are generally low (<50g/t Ag) and infill drilling is required before the likelihood of resource additions can be ascertained.

Wide spaced drill traverses north along strike of the existing resource (targets 2A & 2B) intersected lower grade (<40g/t Ag) mineralisation.

Two drillholes spaced 300m apart were completed at the southern end of the Junction prospect located 5km north east of the Wonawinta Mine (Figure 2). This is a VTEM conductivity and soil geochemical anomaly located along the Blue Mountain/Dusty Tank Fault. Both holes intersected Wonawinta mine area stratigraphy with shallow clays underlain by limestone. The western hole CCRC996 intersected 12m @ 13 g/t Ag of clay-hosted mineralisation from 24m. No mineralisation was intersected in the western hole CCRC997. Although the Ag grade in CCRC996 is low, the presence of silver mineralisation and favourable host rocks at shallow depths over an east west extent of at least 300m is regarded as highly encouraging. These are the first holes drilled into this soil anomaly which has a strike length of 3km.

The CCRC441 intersection at the Smith's Tank line (Target 2E - Figure 2) was followed up with an eight hole program drilled on an 80m x 80m grid. Results were generally low grade. Further drilling is required to test whether the higher grade mineralisation may be confined to a 50-100m wide north-west trending shoot. Targets 2F & G are yet to be tested.

Safety

There were no lost time injuries recorded during the quarter and the lost time injury frequency rate on a rolling 12 month basis (per million man-hours worked) is 4.

Finance

The cash balance as at 31 March 2013 was \$2.8M.

The Company has closed out the second of its 10 quarterly 180,000oz silver hedging commitments at a realised price of A\$29.02.

The Company announced separately today equity and debt initiatives to support its working capital position and debt repayments.

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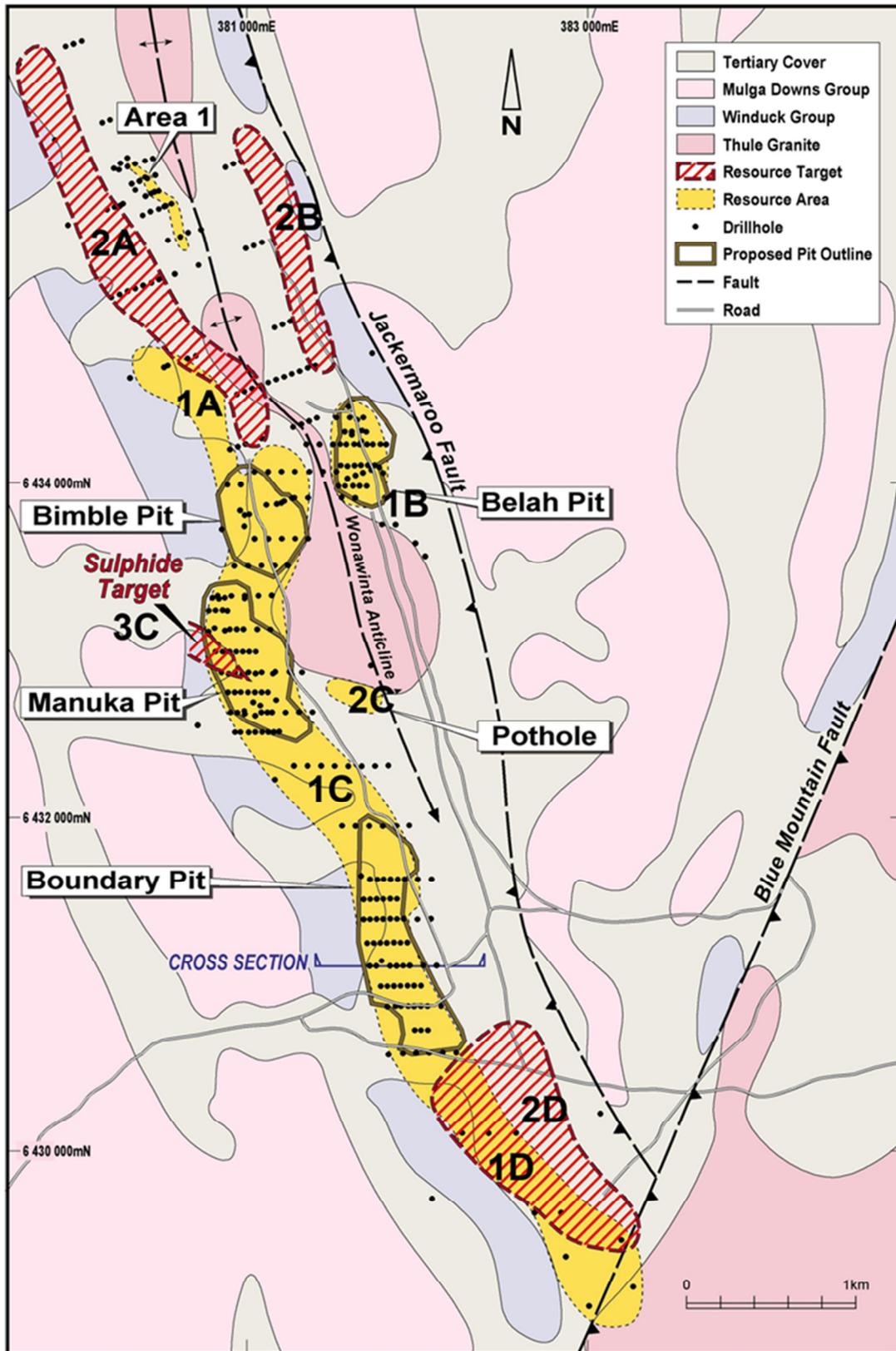


Figure 1 Wonawinta geology plan showing target areas

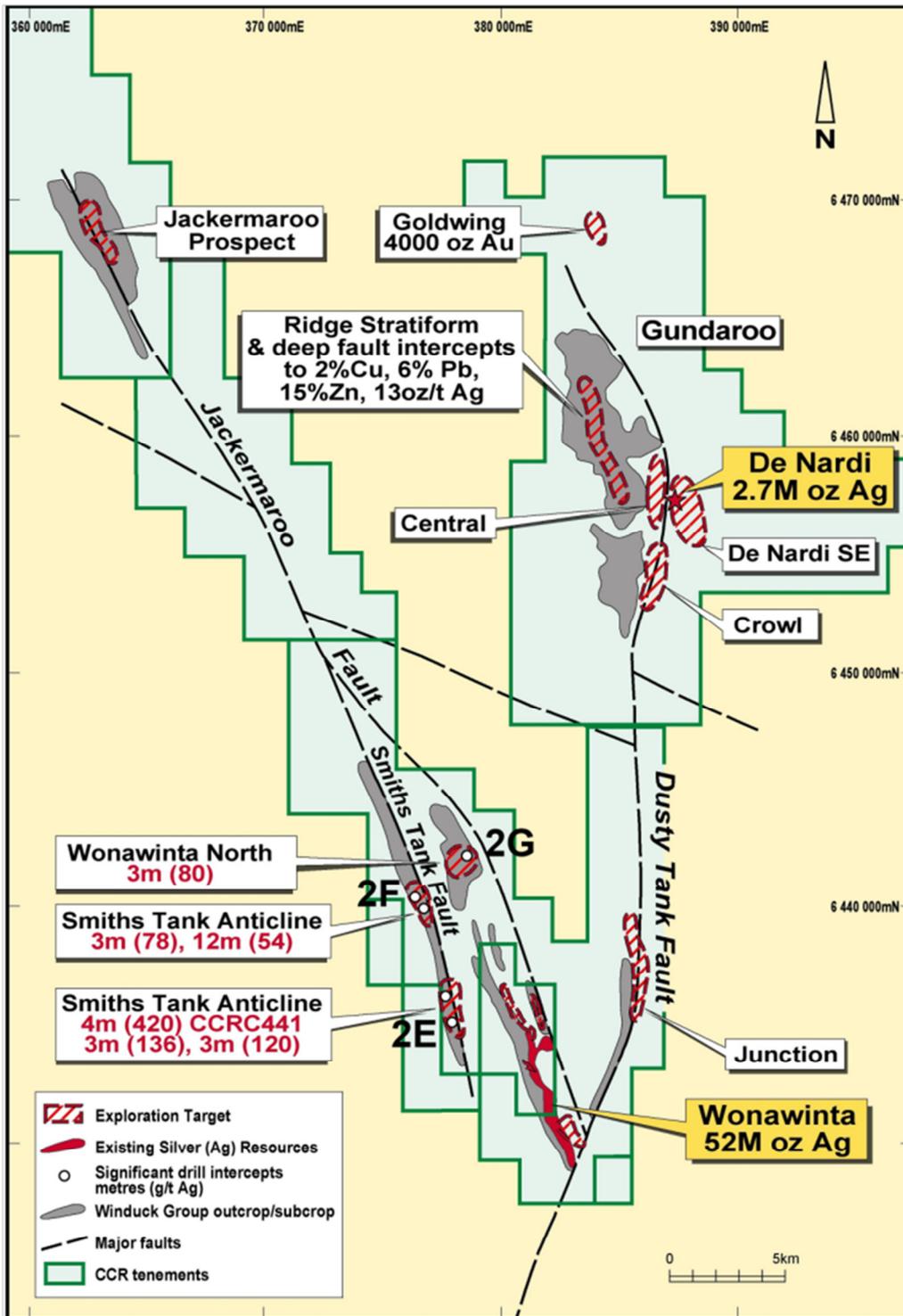


Figure 2 Tenement Plan showing Wonawinta and Gundaroo prospect target areas