

Australia's newest

silver

producer



CCR

Cobar  
Consolidated  
Resources

# Precious Metals Summit

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**The information to which this statement is attached that relates to exploration results is based on information compiled by Martin Lenard who is a Fellow of the Australasian Institute of Mining and Metallurgy. Martin Lenard is an employee of Cobar Consolidated Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves” (the “JORC Code”). Martin Lenard consents to the inclusion in this report of these matters based on the information in the form and context in which it appears.**

**BM Geological Services was engaged in October 2011 by Cobar Consolidated Resources Ltd, to prepare a mineral resource estimate for the Wonawinta silver-zinc-lead deposit in New South Wales. A W Bewsher, Senior Geologist, prepared this report.**

**The mineral resource estimates in this report have been classified and reported in accordance with the JORC Code. The following statement is made in accordance with Clause 8 of the JORC Code:**

**The information in this report that relates to mineral resources is based on information compiled by A W Bewsher, who is a Member of The Australian Institute of Geoscientists.**

**A W Bewsher is a full-time employee of BM Geological Services, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to mineral resource estimation processes to qualify as a Competent Person as defined in the JORC Code. A W Bewsher consents to and has provided his prior written consent to the inclusion in this report of these matters based on the documentation in the form and in the context in which it appears.**

# Company overview

- ▶ **Cobar Consolidated Resources is the owner and operator of the Wonawinta Silver Mine in western New South Wales, Australia**
- ▶ **We have successfully transitioned from junior explorer to developer and producer in 5 years**
- ▶ **We are moving to become a low cost ASX-listed silver producer benefitting from a buoyant silver price that is underpinned by a compelling story for sustained long term demand**



# Corporate profile

## ▶ Key details

- ▶ 235M shares
- ▶ 3.0M options
- ▶ 3.3M performance rights
- ▶ Share price \$0.42
- ▶ Market cap \$100M
- ▶ Cash \$10M (31/12)

## ▶ Share Register

- ▶ Magna 19.2%
- ▶ Board and management 12%
- ▶ Institutions 8%



# Board

**Richard Mazzucchelli**  
**Gary Armor**  
**John Dreyer**  
**George Lefroy**  
**Ian Lawrence**

**Non Executive Chairman**  
**Non Executive Director**  
**Non Executive Director**  
**Non Executive Director**  
**Managing Director**

# Investment highlights

- ▶ **Solid mineral inventory**
  - 26Moz Ag - **probable ore reserve estimate**
  - 53Moz - **indicated and inferred resource estimate**
- ▶ **Simple processing route**
  - **mining from a series of shallow open pits**
  - **conventional CIL to produce silver dore**
- ▶ **Rapid transition from developer to producer**
  - **definitive feasibility study completed December 2010**
  - **first silver poured in July 2012**
- ▶ **Ramping up to 800,000tpa ore throughput**
  - **targeting 97g/t Ag ore grade, first 5 years**
  - **354,000oz (11t) silver produced to end December**
- ▶ **Significant exploration upside – resource expansion drilling underway**
- ▶ **Compelling valuation metrics – EV/oz relative to peers**

# Timeline

- ▶ **Joint Venture signed December 2007**
- ▶ **Maiden inferred resource estimate June 2008**
- ▶ **Feasibility study completed June 2010**
- ▶ **Definitive feasibility study December 2010**
- ▶ **Development approval May 2011**
- ▶ **Construction commenced June 2011**
- ▶ **First silver poured July 2012**

***From signing of JV to first silver pour in 4 ½ years (including GFC)***



# Resource reserve base

Resource	Tonnes	Grade	Grade	Cont	Cont
	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
Indicated	16.9	66	0.9	36.0	148
Inferred	9.1	58	0.7	16.8	61
<b>Total</b>	<b>26.0</b>	<b>63</b>	<b>0.8</b>	<b>52.8</b>	<b>209</b>

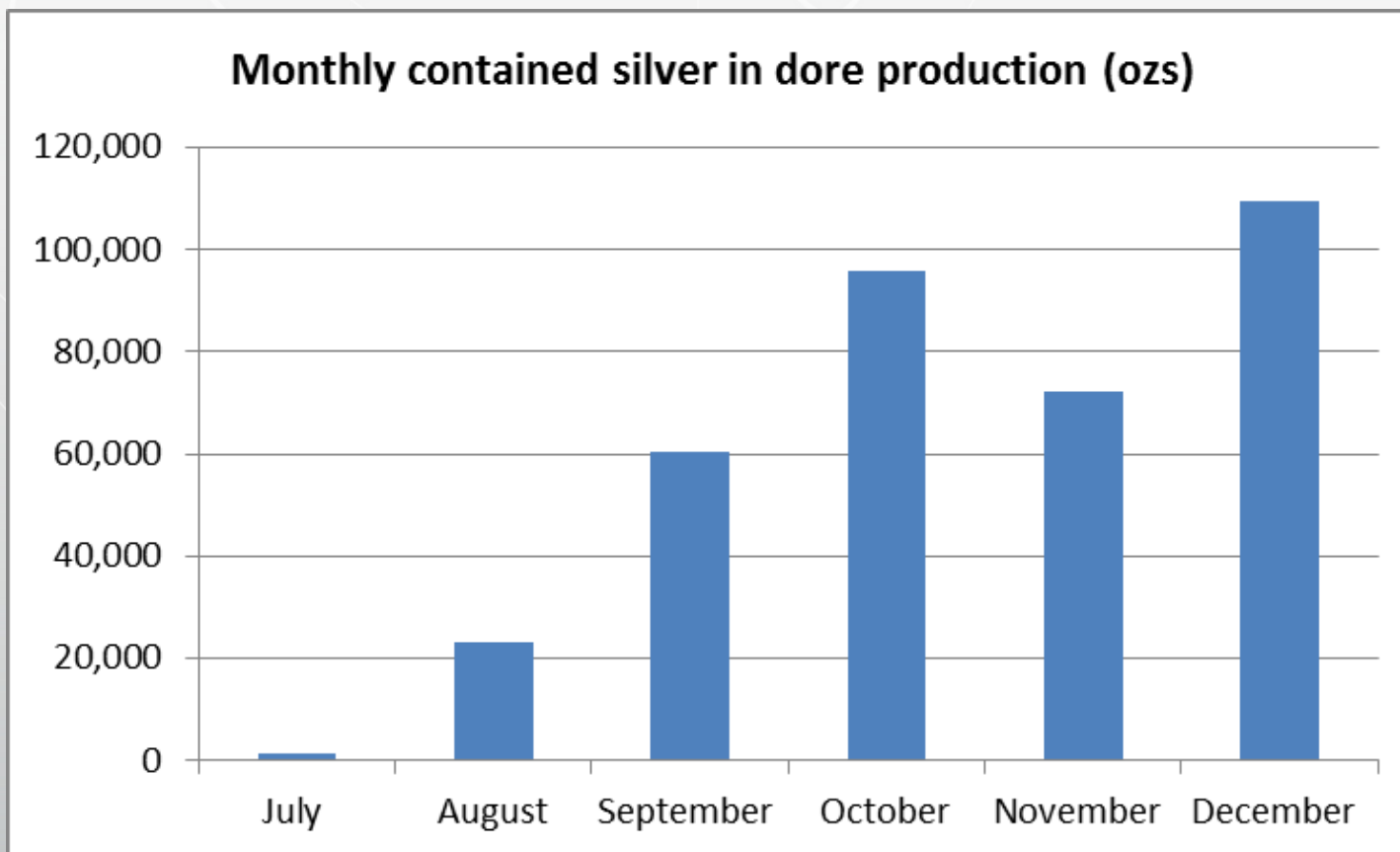
Reserve	Tonnes	Grade	Grade	Cont	Cont
Classification	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
<b>Probable</b>	<b>10.1</b>	<b>80</b>	<b>1.1</b>	<b>25.9</b>	<b>107</b>

- ▶ **Underpins current operation**
- ▶ **Provides platform to consider expansion options**
- ▶ **Dovetails with exploration activity to add to resource/reserve base**
- ▶ **Independent technical expert has confirmed resource estimate methodology**

# Ramp up progress



# Silver production



# Key operating parameters

Operating parameters	Target	Actual <sup>1</sup>	Comment
Ore mined	200,000t	198,765t	✓
Ore grade	97g/t	90g/t	✓ Target achieved in October/December
Ore processed	200,000t	177,919	Debottlenecking required
Ore grade	97g/t	93g/t	✓
Recovery	93%	81%	Liberation, reagents, residence time, mineralogy
Silver produced	580,000oz	277,473oz	438koz, including 36koz silver in concentrate and 125koz in oversize material

***Lower ore grade in November impacted silver production***

**1. Based on December quarter 2012 results**

# Debottlenecking activities

- ▶ **Tougher clays and harder material requiring additional treatment**
- ▶ **Hire crusher operating – benefits seen**
- ▶ **High pressure sprays are reducing clay carry over**
- ▶ **A stockpile of over-size material has accumulated**
- ▶ **Gravity circuit (to recover lead) to be commissioned shortly**
- ▶ **Disintegrator installation - February 2013 – to further reduce over-size**
- ▶ **Ball mill installation - June 2013 – will eliminate over-size**
- ▶ **Will reduce the need to stockpile limestone ore for 2 years (was originally planned for year 3)**

# Recent executive appointments

- ▶ **Tom De Vries - General Manager Operations;**
  - mining engineer
  - ex GM Renison Bell tin mine, Costerfield antimony/gold mine
  
- ▶ **Ken Tranter - General Manager Projects;**
  - finance professional
  - commercial and marketing executive
  - GM Operations WMC Fertilisers

# Expansion options



# Expansion options

- ▶ **Ore reserve recalculated in January 2012, based on \$30/oz silver price**
- ▶ **Inventory increased from 14Moz to 26Moz silver, at an average grade of 80g/t**
- ▶ **Current mine plan is based on a 5 year schedule – 800,000tpa to 1Mtpa ore throughput**
- ▶ **Short term**
  - **incrementally expand existing flow-sheet**
  - **1.2 to 1.5Mtpa**
- ▶ **Long term**
  - **expand production to maximise resource extraction and value**
- ▶ **Short term and long term options consistent with each other**

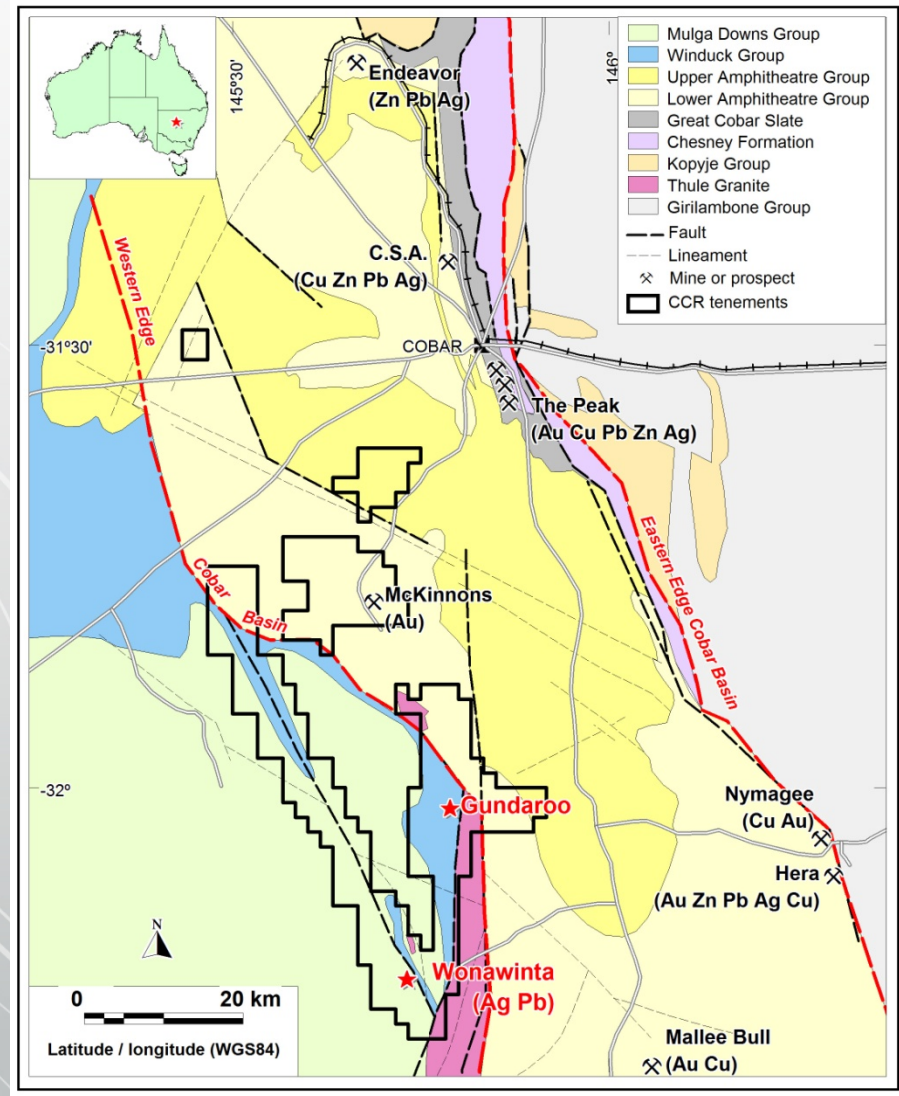


# Exploration upside



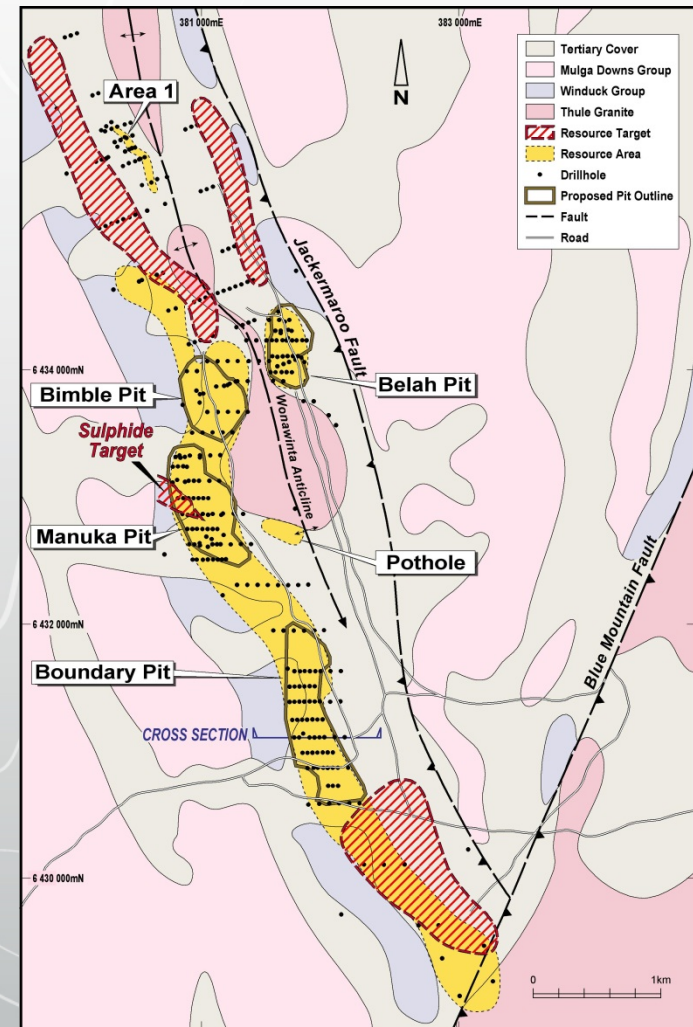
# Cobar Basin exploration

- ▶ **Cobar Basin poly-metallic mineral field**
- ▶ **Three operating underground and one open cut mine; two advanced projects**
- ▶ **CCR tenements >900km<sup>2</sup> on western margin of basin**
- ▶ **70 strike km of prospective basin-bounding structures**
- ▶ **Exploration Objectives:**
  - ▶ Extend mine life – increase silver reserve/resource inventory
  - ▶ Increase silver output
  - ▶ Grow project portfolio (new discovery) – pursue blue sky base metal potential at Wonawinta and Gundaroo



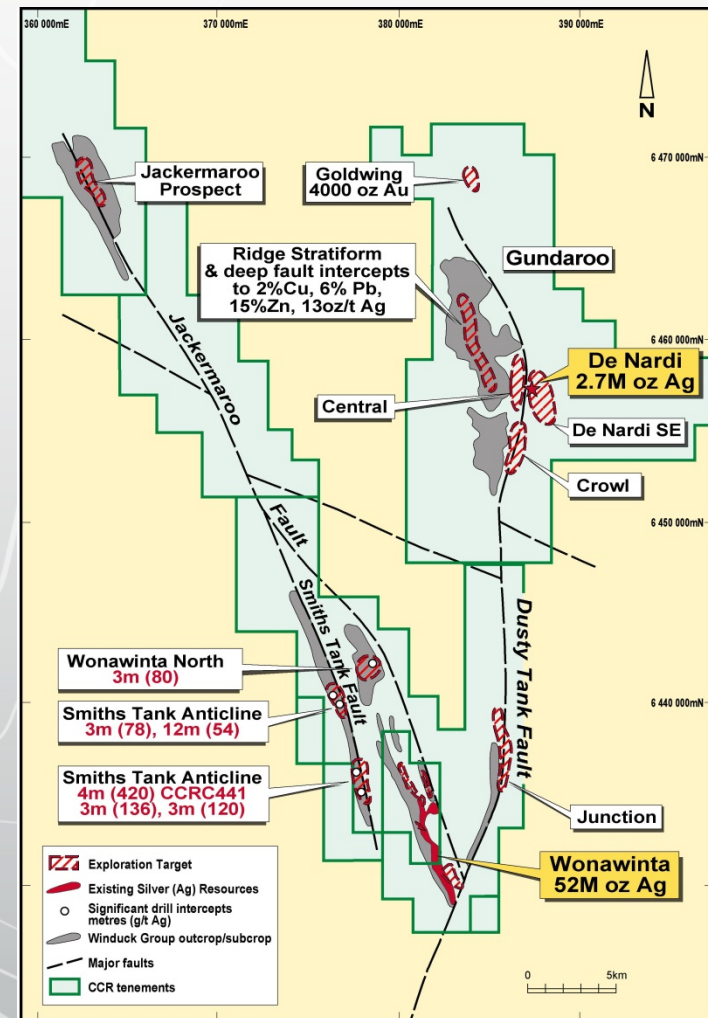
# Wonawinta resource expansion

- ▶ Northern strike extension targets
- ▶ Identified from soil and RAB data
- ▶ Southern resource zone sparsely drilled
- ▶ Targeting higher grade zones and Wonawinta east flank
- ▶ Core program on Manuka sulphide down-plunge target:
  - ▶ Follow-up of RC holes:
    - ▶ 18m downhole @ 135 g/t Ag
    - ▶ 4m @ 203 g/t Ag
    - ▶ 22m @ 130 g/t Ag
    - ▶ 8m @ 219g/t Ag
- ▶ Program started January 2013



# Wonawinta resource expansion - regional

- ▶ **Additional open pit potential from soil anomaly and RAB data:**
  - ▶ Smith's Tank (Wonawinta structural repetition)
  - ▶ Wonawinta North
  - ▶ Junction (major fault flexure with VTEM conductor)
  - ▶ Crowl
  - ▶ De Nardi Extensions



# The silver story



# The silver and gold price (US\$/oz)

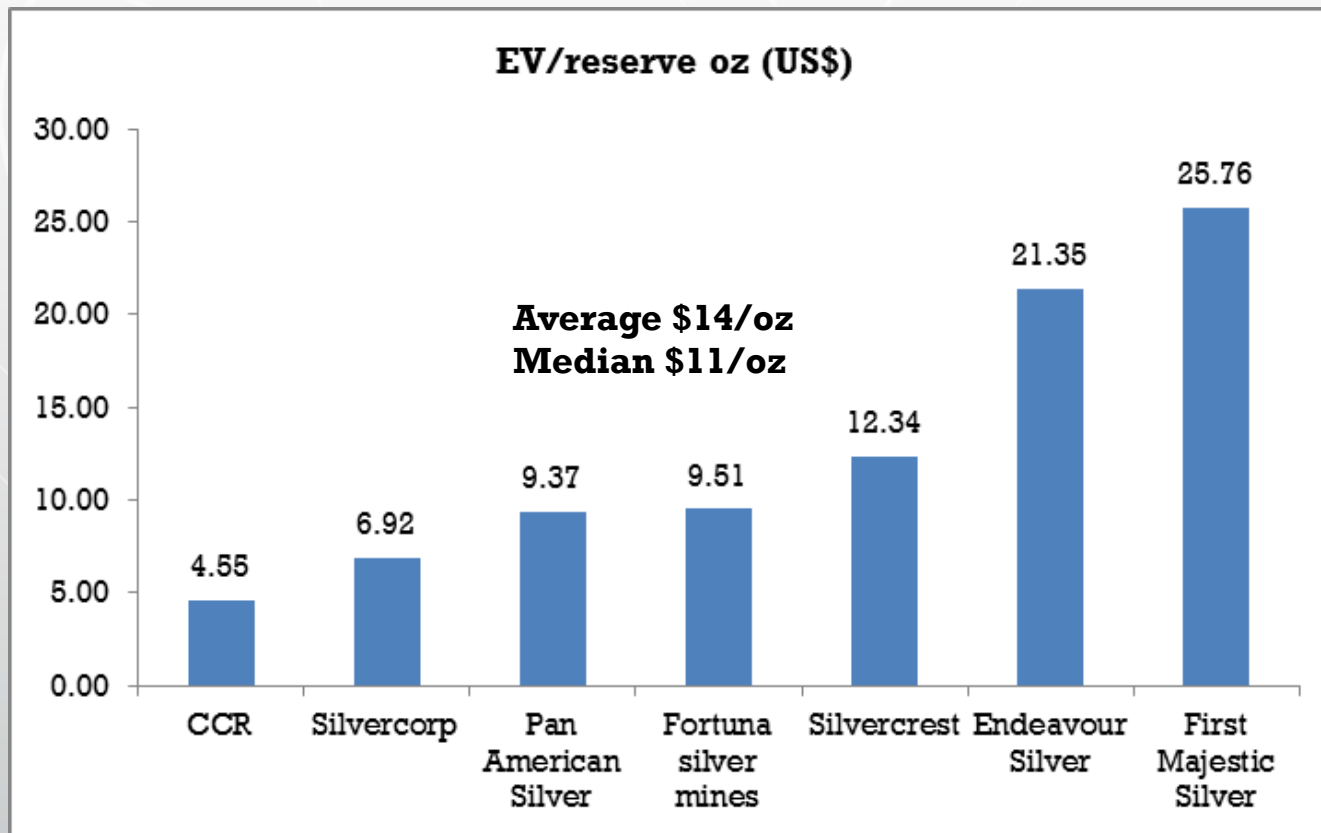


- ▶ The silver price has generally tracked the gold price
- ▶ Strong industrial demand base
- ▶ Growth of ETFs

# Valuation metrics



# The valuation gap



- ▶ **Primary silver producers ranked by Enterprise Value (EV) per reserve ounces of silver showing the valuation gap between CCR and other silver producers**



# Summary

- ▶ **Operation is transitioning to nameplate capacity**
- ▶ **Debottlenecking projects in progress to enable nameplate to be met**
- ▶ **Expansion opportunities medium and long term**
- ▶ **Exploration upside – silver and base metals**
- ▶ **Revenue is highly leveraged to silver price**
- ▶ **Compelling valuation metrics**

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