KANMANTOO PRODUCTION UPDATE
AND INVESTOR SITE VISIT

RUSSELL MIDDLETON CHIEF EXECUTIVE OFFICER (ACTING)
STEVE MCCLARE GENERAL MANAGER KANMANTOO
30 OCTOBER 2012
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All currency referred to is Australian Dollars (AUD) unless otherwise indicated.
THIRD QUARTER FY13 UPDATE
KEY IMPROVEMENTS DURING THE QUARTER

- **Mining**
  - Improved ore tracking and deposition plan
  - Improved mining practices to minimise dilution
  - Continued review of mining contract performance

- **Processing and Crushing**
  - Successful reline of the SAG Mill
  - Successful replacement of trunnion bearings
  - Wear improvements in tailings pumps
  - New crusher commitment*

- **People**
  - New General Manager at Kanmantoo
  - New Exact (mining) site management

* Subject to final Board approval once detailed engineering design has been completed
 THIRD QUARTER PRODUCTION UPDATE

KEY PRODUCTION ACHIEVEMENTS

- Mining
  - Increased mining movements
  - Reduction in ore dilution
- Processing and crushing
  - Increased mill throughput
  - Improved mill feed grade
  - Increased copper concentrate production and metal content
- Fourth and fifth ships loaded, totalling 22.3kwt
### Third Quarter Production Update

**Continued Uplift in Production**

<table>
<thead>
<tr>
<th></th>
<th>Previous Financial Year</th>
<th>April Quarter</th>
<th>July Quarter</th>
<th>October Quarter to Date*</th>
<th>YTD (at 28/10/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Tonnes Mined</strong> (kt)</td>
<td>3,156</td>
<td>3,481</td>
<td>3,417</td>
<td>3,495</td>
<td>10,393</td>
</tr>
<tr>
<td><strong>Ore to long term stockpiles</strong> (kt)</td>
<td>382</td>
<td>298</td>
<td>248</td>
<td>214</td>
<td>760</td>
</tr>
<tr>
<td><strong>Ore to ROM</strong> (kt)</td>
<td>288</td>
<td>544</td>
<td>486</td>
<td>554</td>
<td>1,584</td>
</tr>
<tr>
<td><strong>ROM Grade</strong> Cu (%)</td>
<td>0.66</td>
<td>0.83</td>
<td>0.71</td>
<td>0.81</td>
<td>0.79</td>
</tr>
<tr>
<td><strong>Minced Waste</strong> (kt)</td>
<td>2,486</td>
<td>2,639</td>
<td>2,683</td>
<td>2,727</td>
<td>8,049</td>
</tr>
<tr>
<td><strong>Ore Milled</strong> (kt)</td>
<td>331</td>
<td>488</td>
<td>572</td>
<td>576</td>
<td>1,636</td>
</tr>
<tr>
<td><strong>Milled Grade</strong> (%)</td>
<td>0.56</td>
<td>0.63</td>
<td>0.67</td>
<td>0.73*</td>
<td>0.68</td>
</tr>
<tr>
<td><strong>Au (g/t)</strong></td>
<td>0.11</td>
<td>0.14</td>
<td>0.13</td>
<td>0.17</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Ag (g/t)</strong></td>
<td>2.22</td>
<td>2.89</td>
<td>3.43</td>
<td>3.08</td>
<td>3.15</td>
</tr>
<tr>
<td><strong>Recovery</strong> Cu (%)</td>
<td>69.6</td>
<td>86.8</td>
<td>90.5</td>
<td>91.1</td>
<td>89.7</td>
</tr>
<tr>
<td><strong>Au (%)</strong></td>
<td>67.5</td>
<td>58.0</td>
<td>50.4</td>
<td>55.1</td>
<td>54.5</td>
</tr>
<tr>
<td><strong>Ag (%)</strong></td>
<td>46.6</td>
<td>49.7</td>
<td>48.0</td>
<td>60.2</td>
<td>52.6</td>
</tr>
<tr>
<td><strong>Cu Concentrate Produced</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tonnes</strong></td>
<td>4,774</td>
<td>10,316</td>
<td>13,280</td>
<td>16,112</td>
<td>39,708</td>
</tr>
<tr>
<td><strong>Concentrate Grade</strong> Cu (%)</td>
<td>30.2</td>
<td>26.0</td>
<td>26.2</td>
<td>23.6</td>
<td>25.1</td>
</tr>
<tr>
<td><strong>Au (g/t)</strong></td>
<td>6.0</td>
<td>3.9</td>
<td>2.8</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Ag (g/t)</strong></td>
<td>79.9</td>
<td>67.8</td>
<td>71.1</td>
<td>66.3</td>
<td>68.3</td>
</tr>
<tr>
<td><strong>Contained Metal in Con.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cu (t)</strong></td>
<td>1,481</td>
<td>2,681</td>
<td>3,473</td>
<td>3,802</td>
<td>9,956</td>
</tr>
<tr>
<td><strong>Au (oz)</strong></td>
<td>816</td>
<td>1,275</td>
<td>1,216</td>
<td>1,703</td>
<td>4,194</td>
</tr>
<tr>
<td><strong>Ag (oz)</strong></td>
<td>12,194</td>
<td>22,507</td>
<td>30,351</td>
<td>34,229</td>
<td>87,087</td>
</tr>
<tr>
<td><strong>Total Concentrate Sold</strong> (dry metric t)</td>
<td>4,263</td>
<td>8,590</td>
<td>15,462</td>
<td>16,287</td>
<td>40,339</td>
</tr>
</tbody>
</table>

* Mining and production figures as at 28/10/12 and sales figures as at 29/10/12

* Mining figures are estimates and subject to end of month reconciliations and survey

* Includes lower grade ROM and crushed ore inventory at July, processed during the quarter
THIRD QUARTER PRODUCTION UPDATE
CONTINUED UPLIFT IN PRODUCTION

- **Mining**
  - Legacy lower grade stocks from previous quarter processed during August and early September
  - Enhanced pit design
  - Optimisation of drill and blast
  - Enhanced deposition planning
  - Increased productivity leading to reduced unit rates

- **Production**
  - Steady production increases quarter on quarter
  - Rate improvement through debottlenecking and reduced wear
  - Continuity by systematically removing repeat stoppage events
  - Improved metal recoveries
**THIRD QUARTER COST PERFORMANCE**

**C1 UNIT PRODUCTION COSTS DECREASING**

### Period Costs Comparison

<table>
<thead>
<tr>
<th>Period</th>
<th>Apr-12 QTR</th>
<th>Jul-12 QTR</th>
<th>QTR to 30/09/12*</th>
<th>YTD (at 30/9/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US cents per lb</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining Costs</td>
<td>132</td>
<td>116</td>
<td>93</td>
<td>114</td>
</tr>
<tr>
<td>Processing Costs</td>
<td>111</td>
<td>88</td>
<td>94</td>
<td>97</td>
</tr>
<tr>
<td>Other Direct Cash Costs</td>
<td>29</td>
<td>22</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total Onsite Costs</strong></td>
<td><strong>272</strong></td>
<td><strong>226</strong></td>
<td><strong>210</strong></td>
<td><strong>237</strong></td>
</tr>
<tr>
<td>Transport &amp; Shipping</td>
<td>18</td>
<td>18</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Treatment, Refining &amp; Smelter Charges</td>
<td>31</td>
<td>35</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total Offsite Costs</strong></td>
<td><strong>49</strong></td>
<td><strong>53</strong></td>
<td><strong>49</strong></td>
<td><strong>52</strong></td>
</tr>
<tr>
<td>Precious Metals Credits</td>
<td>(40)</td>
<td>(43)</td>
<td>(45)</td>
<td>(46)</td>
</tr>
<tr>
<td><strong>Total Direct Operating Costs (C1 Cash Costs)</strong></td>
<td><strong>281</strong></td>
<td><strong>236</strong></td>
<td><strong>214</strong></td>
<td><strong>243</strong></td>
</tr>
<tr>
<td>Royalties</td>
<td>6</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>135</td>
<td>117</td>
<td>116</td>
<td>121</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>422</strong></td>
<td><strong>356</strong></td>
<td><strong>334</strong></td>
<td><strong>368</strong></td>
</tr>
</tbody>
</table>

* C1 cash cost for the period from 1 August 2012 to 30 September 2012
C1 unit cash cost trending down

- Driven by disciplined mining practises
- Increased copper grades

Proposed new crusher will further reduce processing unit costs

Other cost initiatives

- Pit design optimisation
- Sulphidisation of oxide ore – smoothing waste removal and minimising stockpile rehandle
OUTLOOK
STEP CHANGE IMPROVEMENTS
GROWING FREE CASH FLOWS

- Focus on ore quality
- Improve mining practises
- Align objectives

October 2012 Quarter

- Short term planning
  - ore continuity
  - waste deposition
- Drill and Blast optimisation
- Mining Contract
- Life of Mine extension

January 2013 Quarter

- New Primary Crusher
- Lower unit costs
  - maximise mill rate
  - sulphidisation
  - cost reduction
- Resource expansion
  - on site conversion
  - local expansion

April 2013 Quarter

$'s
- Proposed new crusher will increase throughput from 2.4 to 2.8 million tonnes per annum

- Capex cost = $3.3 million including improved flow in ore bin

- Benefits through
  - Reduced costs by removing interim crusher, rock-breaker, and labour;
  - Increased reliability and consistency;
  - Throughput and surge capacity; and
  - Additional capacity utilised to process oxides

- Initial analysis shows payback in 9 months based on cost savings, excluding the uplift from revenue
- First half 2012 program was focused on Resource extension within Kanmantoo Mining Lease
- New life of mine plan to be completed in November 2012
- Reserve upgrade expected by January 2013
- Evaluation of exploration targets for 2013 program
KEY GOALS

- Growing positive cash flow
- Further operational improvements
- Cost reviews
- Continuation of improvement trajectory