

COBAR CONSOLIDATED RESOURCES

HISTORIC MINERAL BELT HAS A SILVER LINING

The Cobar mineral belt, passing through the NSW town of the same name, is considered to contain the largest Phanerozoic concentration of base metals in the state and one of the largest in Australia.

COPPER WAS DISCOVERED at Cobar in 1870 and since then many deposits and prospects have been found with mines producing major amounts of copper, lead, zinc, silver and gold, plus minor quantities of by-products such as cadmium and antimony.

A virtual haven for base metal explorers and miners for almost 140 years, needless to say the Cobar mineral field is an extremely good address and one in which junior explorer Cobar Consolidated Resources has invested heavily in time, money and exploration.

In terms of importance, the region ranks second only to Broken Hill as a metalliferous centre and the real factor, apart from its reputation and amazing production record, is the fact that it is still rich in resources.

Melbourne-based Cobar Consolidated has 1900 square kilometres of tenement interests south of Cobar and is currently working towards feasibility on a silver project at Wonawinta, about 100 kilometres south of the town.

"Wonawinta is the project we are advancing at the moment," Cobar Consolidated managing director Ian Lawrence told *RESOURCESTOCKS*.

"It is one of a number of prospects we have in the region, but it is the one we believe offers the earliest opportunity for production and cash flow.

"We've completed a preliminary pit design and some mining schedules, and we're in the process of reviewing those now.

"The economic modelling we did early on made some broad estimates about ore grades and strip ratios, but now we've got a lot more tangible information to consider."

Previous explorers drilled widely spaced rotary air-blast (RAB) traverses and a number of follow-up percussion and reverse circulation holes, identifying precious and base metal mineralisation over a strike length exceeding 4km.

Cobar Consolidated recently completed a 36-hole aircore drilling program designed to infill the mineralised zones and test for potential strike extensions.

This work successfully extended the mineralisation 2km to the south and indicated a possible continuation around the major granite outcrop in the north. The best silver intercept was 5m at 280 grams per tonne from 15m.

Based on these results and the historic drilling, AMC Consultants was engaged to prepare the mineral resource estimate for Wonawinta.

AMC identified a global inferred resource estimate of 18.1 million tonnes at 54gpt silver and 0.9% lead for 31 million ounces of silver. The company's modelling is based on a subset of that – an inferred mineral resource of 6.5Mt at 97gpt silver and 1.3% lead (for 20Moz silver) based on a cut-off factor of \$27 per tonne of metals recovered.

"Another phase of drilling is planned to convert some of the inferred resources into measured and indicated," Lawrence said.

"We've worked up a program that will start in September and then we would like to follow up with some additional drilling along strike to see how far this thing actually runs.

"It's open both ways and so is a very exciting project."

Cobar Consolidated is earning a 70% interest in the Wonawinta project from CBH Resources by spending \$700,000 over four years. CBH has a 70% clawback arrangement to finance the feasibility study if the resource exceeds 600,000 tonnes of zinc metal equivalent.

If CBH decides not to participate in the project then its involvement will revert to a royalty.

Wonawinta mineralisation is generally oxide, clay-hosted and shallow, and the company is confident it could be mined as a series of open pits.

Early metallurgical testwork has indicated that crushing and grinding may not be required and a washing and scrubbing circuit could be used to prepare the ore for processing.

"If we can produce 3 million ounces of silver a year – that's the targeted levels we're looking at now – it will put us in the top 15 silver mines in the world."

IAN LAWRENCE
MANAGING DIRECTOR
COBAR CONSOLIDATED RESOURCES



The majority of silver will be recovered as bullion by cyanidation treatment of the ore with lead and residual silver recovered as by-products of a gravity concentrate.

The economic modelling is based on ore throughput of 1 million tonnes per annum with silver production of 3Mtpa at 94% recovery for silver and 55% for lead.

Lawrence said the modelling estimated that capital expenditure would be \$37 million and cash cost of production after lead credits would be in the range of \$8 to \$9 per ounce.

This compares with a current price of silver around the \$US13/oz mark.

"I don't think people generally understand silver all that well," he said.

"If we can produce 3 million ounces of silver a year – that's the targeted levels we're looking at now – it will put us in the top 15 silver mines in the world.

"Wonawinta is a significant silver deposit in what appears to be a significant field.

"If you believe what all the forecasters are saying there is substantial upside to the silver price and its industrial uses are growing."

Silver has been known of since ancient times and has long been valued as a precious metal, used to make ornaments, jewellery, high-value tableware and utensils, and currency coins.

Today, silver metal is used in electrical contacts and conductors, in mirrors and in catalysis of chemical reactions. Its compounds are used in photographic film and dilute solutions of silver nitrate while other silver compounds are used as disinfectants.

Some high-end audio hardware is fully silver-wired, which is believed to cause the least loss of quality in the signal, and silver cadmium oxide is used in high-voltage contacts because it can withstand arcing.

Lawrence pointed out that in the 1900 square kilometres of tenements in the Cobar belt the company had a number of promising prospects apart from Wonawinta.

"We're only a small company and we don't have unlimited resources so we are concentrating on Wonawinta at the moment, but there are other opportunities," he said.

"We're still very interested in an area around Gundaroo, about 30 kilometres to the north of Wonawinta, which includes the De Nardi deposit.



"There's good evidence to suggest there's something bigger there as De Nardi is on the same structure as Wonawinta.

"De Nardi is different to Wonawinta, but it has good grades and the oxidised material would need to be put through a plant."

De Nardi is part of the company's Gundaroo prospect, a large geochemical anomaly measuring about 3km by 1km showing a strong zinc, lead and silver response.

But for the moment, bringing Wonawinta into production is the prime objective of Cobar Consolidated as the company works towards feasibility.

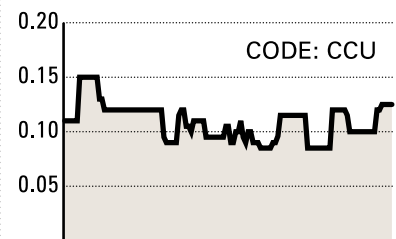
Located in a proven mining area with good infrastructure and an experienced workforce, the company is about to embark on a reverse circulation drilling program it hopes will be the next step towards a producing silver mine.

"We are working on timelines to production and following the results of the next round of drilling, which we expect in October or November, we'll probably go straight to feasibility," Lawrence added.

The company is confident the storm clouds of 2008 will have a silver lining for the company and its shareholders in 2009.

Cobar Consolidated's Gundaroo prospect near the town of Cobar in NSW

COBAR CONSOLIDATED RESOURCES AT A GLANCE



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HEAD OFFICE

Level 4
448 St Kilda Road
Melbourne VIC 3004
Ph: +61 3 9866 8613
Fax: +61 3 9820 2586
Email: info@crlimited.com.au
Web: www.crlimited.com.au

DIRECTORS

Ian Lawrence, Richard Mazzacchelli
George Lefroy

MARKET CAPITALISATION

\$7 million (at press time)

MAJOR SHAREHOLDERS

Ian Lawrence 23.2%
Eye Management 9.3%
Jeffrey Charles Hogan 7.2%
Kellaway 4.9%
Independent Asset Management 4.8%