



## ASX Release

9 June 2009

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#### Directors / Officers:

Michael Haynes  
Hugh Bresser  
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Gibson Peirce  
Scott Funston

#### Issued Capital:

74 million shares

**ASX Symbol:** OVR

## POTENTIAL CONFIRMED FOR OPEN PIT AND UNDERGROUND MINING OPERATION

### YUKON BASE METAL PROJECT, CANADA

- Independent economic evaluation of developing a mining operation at the Yukon Base Metal Project completed
- Potential to economically develop an open pit and underground mining operation to supply a single processing facility
- Cash cost of concentrate production of \$0.31/lb of zinc equivalent<sup>1</sup>
- Low initial CAPEX estimate US\$94 million
- US\$210 million<sup>1</sup> undiscounted cash flow before CAPEX, for the period under study
- Considerable underground and open pit expansion potential
- Significant potential for additional discoveries
- Bankable feasibility study and mine permitting seen as a priority

Overland Resources Limited (ASX: OVR and "Overland Resources") is pleased to provide the results from a preliminary mining evaluation conducted on the Company's 90% owned Yukon Base Metal Project in the Yukon Territory of Canada. The evaluation indicates that the establishment of an open pit and underground mining operation at the Yukon Base Metal Project is potentially economically viable.

A 700,000 tonne per annum (tpa) processing plant is proposed to produce separate zinc and lead concentrates. An initial 6 year mining operation would produce 493,000 tonnes of zinc concentrate and 135,000 tonnes of lead concentrate. There is considerable potential for expansion through optimisation and with further exploration success.

With the parameters applied the operation provides an undiscounted cash flow of US\$210 million<sup>1</sup> before capital, depreciation, tax and royalties.

Capital costs are estimated to be US\$94 million, which includes a 10% allowance for Engineering, Procurement, Construction and Management (EPCM) as well as a 25% contingency.

Mining costs are estimated to average US\$13.57 per tonne of ore for the combined Andrew and Darcy open pits and US\$45 per tonne of ore for underground operations at the Andrew Zinc Deposit.

Processing costs are estimated to be US\$24.93 per tonne and G&A (administration) costs are estimated to be US\$9.00 per tonne of ore.

At the proposed production rate and metal prices these costs equate to a total concentrate production cost of US\$0.31/lb of zinc equivalent<sup>1</sup>.

It is planned to transport concentrate via truck to the ice free Port of Skagway in Alaska. Existing ore handling facilities at the Port would be utilised to load ships with concentrate for transportation to an Asian discharge port. Estimated total transport cost equates to \$0.12/lb of zinc equivalent<sup>1</sup>.

This is an outstanding result for the Company, which sees the completion of a bankable feasibility study on the Yukon Base Metal Project and submission for mine permitting as a priority.

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<sup>1</sup> Metal prices used US\$1.00/lb Zinc and US\$1.00/lb Lead

## SUMMARY OF PRELIMINARY MINING EVALUATION RESULTS

A preliminary mining evaluation of the Yukon Base Metal Project was conducted by an independent, international consultancy with extensive global experience in mine planning, and specific experience in northern Canadian operations, including the Yukon. Overland Resources provided all data associated with the project, including geotechnical, drill hole, analytical and metallurgical information as well as all previous studies conducted on the project.

### Economic Analysis

The mining evaluation examined an operating scenario which included an open pit and underground development at the Andrew Zinc Deposit and an open pit mining development at the Darcy Zinc Deposit. Capital and operating costs were determined, and the potential economics of the operation were evaluated based on forecast commodity prices of zinc: US\$1.00/lb and lead: US\$1.00/lb.

The evaluation indicates that the development of a single processing facility at the Yukon Base Metal Project is potentially economically viable under the applied parameters. A 700,000 tonne per annum processing plant is expected to produce 493,000 dry tonnes of zinc concentrate and 135,000 tonnes of lead concentrate over the period under study. The operation would provide an undiscounted cash flow of US\$210 million<sup>2</sup> before capital, depreciation, tax and royalties over an initial 6 year mining period.

Table 1. Economic analysis from the 700,000tpa mining and processing operation at the Yukon Base Metal Project.

Parameter	Analysis
Zinc price	US\$1.00/lb
Lead price	US\$1.00/lb
Initial Mining Period	6.0 Years
Zinc concentrate	493,000 dry tonnes
Lead concentrate	135,000 dry tonnes
<b>Undiscounted cash flow before capital costs</b>	<b>US\$210 million</b>
Capital Cost	US\$94 million
<b>Undiscounted cash flow after capital costs (EBITDA)</b>	<b>US\$116 million</b>

### Mine Design

Open pit mine optimisation was undertaken by the independent consulting company based on an NSR model, utilising the industry standard Whittle software programme. The underground mine design was developed by the consulting group based on preliminary economic analysis on a sub-level longhole mining method (open stoping method). The design allowed the Andrew Zinc Deposit to be mined by both open pit and underground methods simultaneously with the underground ramp access portal located outside the pit limits to gain access to the ore from the footwall.

The three separate mine developments would run concurrently, supplying the proposed 700,000 tonne per annum processing facility with 4.1 MT @ 7.27% Zn and 2.09% Pb (after dilution) over an approximate 6.0 year time frame.

Table 2. Base case open pit and underground mining components for the Yukon Base Metal Project.

Operation	Ore (MT)	Zn (%)	Pb (%)	Waste (MT)	Strip Ratio	Total (MT)	TCF (US\$M)
Andrew Open Pit	1.1	5.70	1.81	4.8	4.3	5.9	42.9
Darcy Open Pit	1.2	7.84	0.02	3.3	2.7	4.5	50.5
Andrew Underground	1.8	7.88	3.67	n/a	n/a	1.8	116.7
<b>Total</b>	<b>4.1</b>	<b>7.27</b>	<b>2.09</b>	<b>8.1</b>	<b>n/a</b>	<b>12.2</b>	<b>210.1</b>

<sup>2</sup> Metal prices used US\$1.00/lb Zinc and US\$1.00/lb Lead

## Capital Costs

A total capital cost estimate of US\$93.7 million provides for site infrastructure required to develop and operate the two open pit mining operations as well as the underground mining operation.

Provisions were included for the construction of a 700,000 tonne per annum processing plant to produce separate zinc and lead concentrates, a diesel power generation plant, accommodation for 65 personnel and construction of an airstrip, haul roads, access roads, waste dumps and tailings dams.

The capital cost figure allows for all underground development including main ramp, access crosscuts and main ventilation raise and the supply of underground mining and ventilation equipment to support a 1,000 tpd operation.

The capital cost estimate includes an allowance of 10% for Engineering, Procurement, Construction and Management (EPCM) and a further 25% for contingencies. The itemised capital cost estimate is provided in Table 3.

*Table 3. Itemised capital costs for the development of a 700,000tpa open pit and underground mining operation at the Yukon Base Metal Project.*

<b>Item</b>	<b>Cost Estimate US\$ (millions)</b>
Mining	0.74
Processing	22.86
Infrastructure	17.96
Site Services	1.13
Underground Mine development	12.21
Underground mining equipment	14.97
EPCM @ 10%	4.56
Contingency @ 25%	19.28
<b>TOTAL</b>	<b>93.71</b>

## Processing Plant

A 40kg sample of diamond drill core from the Andrew Zinc Deposit was utilised by SGS Lakefield in Canada to determine indicative metallurgical recoveries and possible concentrate grades. Exceptional metallurgical recovery rates were achieved (98.5% for lead and 96.0% for zinc). The test results are tabulated in Table 4.

*Table 4. Results of Stage 1 metallurgical test work conducted by SGS Lakefield in Canada.*

<b>Product</b>	<b>Recovery (%)</b>		<b>Assay</b>	
	Lead	Zinc	Pb (%)	Zn (%)
Lead	98.5	2.6	63.3	2.4
Zinc	0.8	96.0	0.4	58.0

The coarse grained nature of the mineralisation at the Andrew Zinc Deposit and high recovery rates indicate that a very simple process flow sheet entailing proven conventional floatation technology is all that is required to produce separate zinc and lead concentrates. This significantly reduces both capital and operating costs for the Project and reduces the overall project risk.

The metallurgical study also identified that the mineralisation at the Andrew Zinc Deposit is amenable to Dense Media Separation (DMS). The application of DMS technology may facilitate the beneficiation of low grade material to provide an additional source of processing plant feed. This would potentially extend the life of the operation and increase the amount of saleable concentrate produced. This has not been factored into the economic evaluation.

## Operating Costs

The combined operating cash costs estimates for mining, milling, processing and G&A from the mining evaluation equates to US\$61.30/T of processed material or US\$0.31/lb zinc equivalent<sup>3</sup>. A breakdown of operating costs is presented in Table 5.

Table 5. Itemised operating costs for the development of a 700,000tpa mining operation at the Yukon Base Metal Project.

Open Pit	US\$/T plant feed
Mining	13.57
Processing	24.93
G & A (incl camp and power)	9.00
<b>Total</b>	<b>47.50</b>

Underground	US\$/T plant feed
Mining	45.00
Processing	24.93
G & A (incl camp and power)	9.00
<b>Total</b>	<b>78.93</b>

This evaluation examined trucking the concentrate via the Canol Road to the ice free port of Skagway in Alaska for shipping to a discharge port in Asia. Transportation costs associated with the delivery of concentrate to the customer are estimated to be US\$138.80 per wet tonne or US\$0.12/lb zinc equivalent<sup>3</sup>. These costs are detailed in Table 6.

Table 6. Itemised transport costs to deliver concentrate to a discharge port in Asia.

Item	US\$/T of wet concentrate
Trucking	93.80
Handling	10.00
Shipping	35.00
<b>Total</b>	<b>138.80</b>

## Metal Price Sensitivity

The mining evaluation utilised base metal prices of US\$1.00/lb for zinc and US\$1.00/lb for lead. This provided an undiscounted cashflow of US\$210 million and an EBITDA of US\$116 million. Table 7 demonstrates the considerable potential financial upside associated with increasing metal prices.

Metal Price (US\$/lb)	Undiscounted Cashflow				
	Andrew Open Pit (million)	Darcy Open Pit (million)	Andrew Underground (million)	Capex (million)	Total EBITDA (million)
1.00	US\$43	US\$51	US\$116	US\$94	US\$116
1.10	US\$53	US\$61	US\$155	US\$94	US\$175
1.20	US\$63	US\$71	US\$194	US\$94	US\$234
1.30	US\$73	US\$82	US\$232	US\$94	US\$293
1.40	US\$83	US\$92	US\$271	US\$94	US\$352
1.50	US\$93	US\$103	US\$309	US\$94	US\$411
1.60	US\$102	US\$114	US\$348	US\$94	US\$470
1.70	US\$112	US\$124	US\$387	US\$94	US\$529
1.80	US\$122	US\$134	US\$426	US\$94	US\$588

<sup>3</sup> Metal prices used US\$1.00/lb Zinc and US\$1.00/lb Lead

## Potential Project Expansion

### Andrew Zinc Deposit

There is considerable potential to continue to build on the existing resource base at the Andrew Zinc Deposit. The mineralised breccia system at the Andrew Zinc Deposit remains open in all directions. Potential exists for zones of high grade mineralisation to be encountered with further shallow drilling to the east.

At the western end of the deposit the mineralisation appears to be displaced by fault movement. Potential exists for drilling at the western end of the deposit to define additional high grade mineralisation that may be accessed through the underground mining operation.

The Company also believes the nature and distribution of the mineralisation at the Andrew Zinc Deposit provides evidence of continuation at depth. It is anticipated that exploration drilling conducted once development has commenced will continue to define additional resources at depth.

### Darcy Zinc Deposit

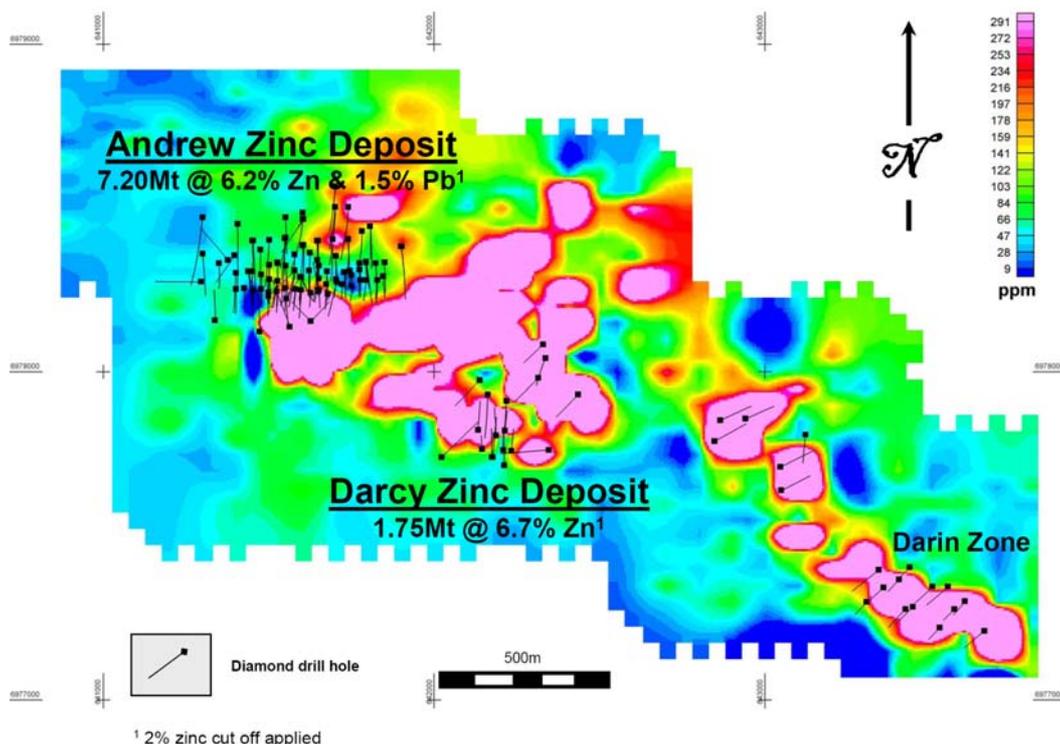
The newly discovered Darcy Zinc Deposit remains open in all directions. The Company considers this to be a high priority expansion target as the mineralisation is high grade and amenable to open pit mining techniques. It believes additional drilling at the Darcy Zinc Deposit has a high probability of intersecting further mineralisation.

Three satellite mineralised zones were intersected in close proximity to the north of the Darcy Zinc Deposit during the 2008 drilling. These single hole intersections provide excellent exploration targets for follow up drilling to determine the extent of the mineralisation intersected.

### Darin Zone

The Darin Zone lies at the south eastern end of a 2,500 metre long soil geochemistry anomaly. Diamond drilling at the Darin Zone during 2008 intersected 10.5m at 3.6% Zn and 21.2m at 4.8% Zn. The style of mineralisation is similar to that observed at the Andrew and Darcy Zinc Deposits. The Darin Zone provides an immediate high potential target to delineate additional resources.

The Andrew, Darcy and Darin Zones, together with a number of other highly prospective but underexplored regional targets provide potential for expansion of the resource base and an increased scale of operation at the Yukon Base Metal Project.



**Figure 1. 2,500m anomalous zinc in soil geochemistry corridor hosting the Andrew and Darcy Zinc Deposits**

## **Further Work**

The results of this economic evaluation demonstrate the high potential to develop a viable mining operation at the Yukon Base Metal Project.

The Company intends to continue to undertake a work program to advance the Yukon Base Metal Project through a bankable feasibility study. Environmental baseline studies and community engagement programmes will continue in parallel to the feasibility work to compliment mine permitting.

## **Hugh A Bresser Managing Director**

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*Overland Resources Limited has not yet reported any ore reserves from the Andrew Zinc Deposit or Darcy Zinc Deposits. While the Company remains optimistic it will report reserves in the future, any discussion in relation to ore, production targets or concentrates is only conceptual in nature and for illustrative purposes only. There has been insufficient work to define a Mineral Reserve and it is uncertain if further work will result in the determination of a Mineral Reserve.*

*The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peter Ball is the Manager of Data Geo. Mr Peter Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peter Ball consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Exploration Results is based on information compiled by Mr Hugh Alan Bresser who is a Member of the Australian Institute of Mining and Metallurgy. Mr Hugh Alan Bresser is a Director of Overland Resources Limited, he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Hugh Alan Bresser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*