



## ASX Release

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**Directors / Officers:**

Michael Haynes  
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**Issued Capital:**  
74 million shares

**ASX Symbol:** OVR

# \$6 MILLION PLACEMENT TO FUND DEFINITIVE FEASIBILITY STUDY INTO DEVELOPMENT OF THE YUKON BASE METAL PROJECT

## HIGHLIGHTS

- Placement of \$6 million completed
- Share Purchase Plan to raise up to a further \$1.9 million
- Funds to be used to advance the Yukon Base Metal Project through a definitive feasibility study and to drill test for additional resources
- Economics of developing the Yukon Base Metal Project improved substantially following refinement of preliminary mining evaluation data
- Total mining inventory doubled to approximately 10Mt
- Capital cost estimate reduced by 30%
- Project modelled to generate \$174 million undiscounted cash flow after CAPEX
- Definitive feasibility study into Project development underway
- Agreement reached with Macquarie Bank providing it the right to supply up to 50% of project development debt finance

Overland Resources Limited (ASX: OVR, "Overland Resources", "Company") is very pleased to advise that it has entered into subscription agreements to raise \$6 million through the issue of approximately 70.6 million new shares at \$0.085 per share ("Placement").

The Company is also pleased to advise that shareholders will be entitled to participate in a Shareholder Purchase Plan, for the issue of up to a further 22.2 million shares at \$0.085 per share to raise up to an additional \$1.89 million (the "SPP"). The SPP will enable existing shareholders to participate in the continued growth and development of the Company.

Funds raised will be utilised to advance the Yukon Base Metal Project through a definitive feasibility study (as set out in Table 1), which has been initiated following recent positive results from mine optimisation and economic assessment incorporating dense media separation (DMS) test work results together with potential reduced transport costs (see below).

The Company is also pleased to advise that it has entered into an agreement whereby Macquarie Bank Limited (Macquarie Bank) has the right to provide up to 50% of any future debt finance required to develop the Yukon Base Metal Project (at commercially competitive terms).

## PLACEMENT

The Company has reached agreement with institutional, sophisticated and industry investors to raise \$6 million through the issue of approximately 70.6 million new shares at \$0.085 per share. The shares have been placed by KTM Capital Pty Ltd.

A total of 11.1 million shares have been placed under the Company's capacity to place 15% of its issued capital. The issue of the remaining 59.5 million shares is conditional upon shareholder approval to be sought at a general meeting of shareholders in January 2010. Further information regarding the Placement will be set out in a Notice of Meeting to be circulated to investors shortly.

## **SHARE PURCHASE PLAN**

Existing shareholders will be entitled to participate in an SPP comprising the issue of up to 22.2 million shares at \$0.085 per share to raise \$1.89 million. Shareholders registered on the record date will be entitled to subscribe for either \$2,000, \$5,000, \$10,000 or \$15,000 worth of ordinary shares, pending ASX approval, at an issue price of \$0.085 per share, subject to the provisions of the SPP.

The record date for the SPP will be 31 December 2009. Eligible shareholders will receive written notification of the SPP offer, which will detail how to participate in the SPP and its timetable.

## **REFINEMENT OF THE PRELIMINARY MINING EVALUATION OF THE YUKON BASE METAL PROJECT**

Following completion of a preliminary mining evaluation earlier this year the Company has been reviewing options to reduce capital and operating costs, primarily through evaluation of Dense Media Separation (DMS) technology and assessment of potential reductions in transport costs. Initial results from this review are very encouraging and are discussed below. As a result the Company has initiated a definitive feasibility study into development of the Project.

### **Mine Design and Optimisation**

An independent mining engineer has re-optimised the open pit mine design for the Yukon Base Metal Project, taking into account recent positive DMS test results together with anticipated lower transport costs. Based on industry benchmarks it was assumed that the operating cost of a DMS facility would be US\$1.00/tonne of material processed. Anticipated road transport costs were reduced from US\$0.14/t/km to US\$0.10/t/km, in line with a recently completed study.

Mine design results indicate that the optimised open pit mining inventory at the Andrew Zinc Deposit can be increased to 8.2Mt at 4.1% Zn and 1.4% Pb (compared to the previously optimised open pit of 1.1Mt at 5.7% Zn and 1.8% Pb). This represents a seven fold increase in the open pit mining inventory at the Andrew Zinc Deposit (see Figure 1).

The optimised open pit mining inventory at the Darcy Zinc Deposit has been increased to 1.7Mt at 5.8% Zn (from a previous 1.2Mt at 7.8% Zn).

The total open pit mining inventory for the Yukon Base Metal Project, allowing for 10% mining dilution and 95% ore recovery, now stands at 9.9Mt at 4.3% Zn and 1.2% Pb; more than double the number of tonnes proposed in the previous study.

### **Economic Assessment**

#### ***Reduced Capital Costs***

The increased size of the open pit operation mitigates the requirement to initially establish a higher cost underground mining operation. This equates to a saving of more than US\$30 million, or 32%, of the previously estimated initial capital expenditure. Initial capital cost for the Project is now forecast to be US\$63 million.

#### ***Increased Cash Flow***

It is anticipated that the overall project economics will be improved substantially due to:

- (i) The expectation that trucking costs can be reduced from US\$0.14/t/km to US\$0.10/t/km;
- (ii) Achieving lower mining cost per tonne of ore by eliminating high cost underground mining; and
- (iii) Increasing the total amount of saleable product (due to DMS application).

The Company's financial modelling indicates the new larger proposed open pits at the Andrew and Darcy Zinc Deposits combined with DMS technology and allowing for reduced transport costs could provide undiscounted cash flow of US\$174 million post capital expenditure (compared to the Company's May 2009 forecast of US\$116 million – all other parameters remaining the same). This represents a 75% increase in forecast cash flow over the current life of the project.

## **Commissioning a Definitive Feasibility Study**

The Company is very encouraged by the results of the recent economic assessment. It is now embarking on a definitive feasibility study into the development of the Yukon Base Metal Project. A team of professionals has been assembled and feasibility work has commenced. Additional preparations are underway for further drilling and target evaluation in 2010.

It is anticipated that the definitive feasibility study into the development of the Yukon Base Metal Project will be completed towards the end of 2010.

## **PROJECT FINANCE**

The Company has entered into an agreement whereby Macquarie Bank has the right to provide up to 50% of any future debt finance required to develop the Yukon Base Metal Project (at commercially competitive terms).

Macquarie Bank has also agreed to subscribe for \$2 million worth of shares in the Placement.

Overland Resources welcomes the strategic partnership with Macquarie Bank, which provides the Company with confidence that access to future funding for the development of the Project will be available from major and highly regarded financial institutions.

## **THE YUKON BASE METAL PROJECT – BACKGROUND**

The Yukon Base Metal Project comprises 502 Mineral Claims, covering approximately 100km<sup>2</sup> over and around the high grade Andrew and Darcy Zinc Deposits in the highly prospective and under explored Selwyn Basin of the Yukon Territory, Canada. Overland Resources Limited holds a 90% interest in the Project.

The Yukon Base Metal Project provides the Company with an exceptional opportunity to develop a viable mining operation in a jurisdiction that is particularly supportive of new mine developments.

### **Hugh A Bresser Managing Director**

*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 Result 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.*

**Table 1: Proposed use of Funds**

	Use of Placement Funds	Use of SPP Funds (assuming full take up)
Feasibility Studies	\$2,700,000	-
Diamond Drilling	\$1,200,000	\$1,000,000
New Target Development	\$800,000	\$500,000
Metallurgical Test Work	\$450,000	-
Environmental Studies	\$650,000	\$100,000
Working Capital	-	\$257,000
Costs of the Placement and SPP	\$200,000	\$30,000
<b>Total</b>	<b>\$6,000,000</b>	<b>\$1,887,000</b>

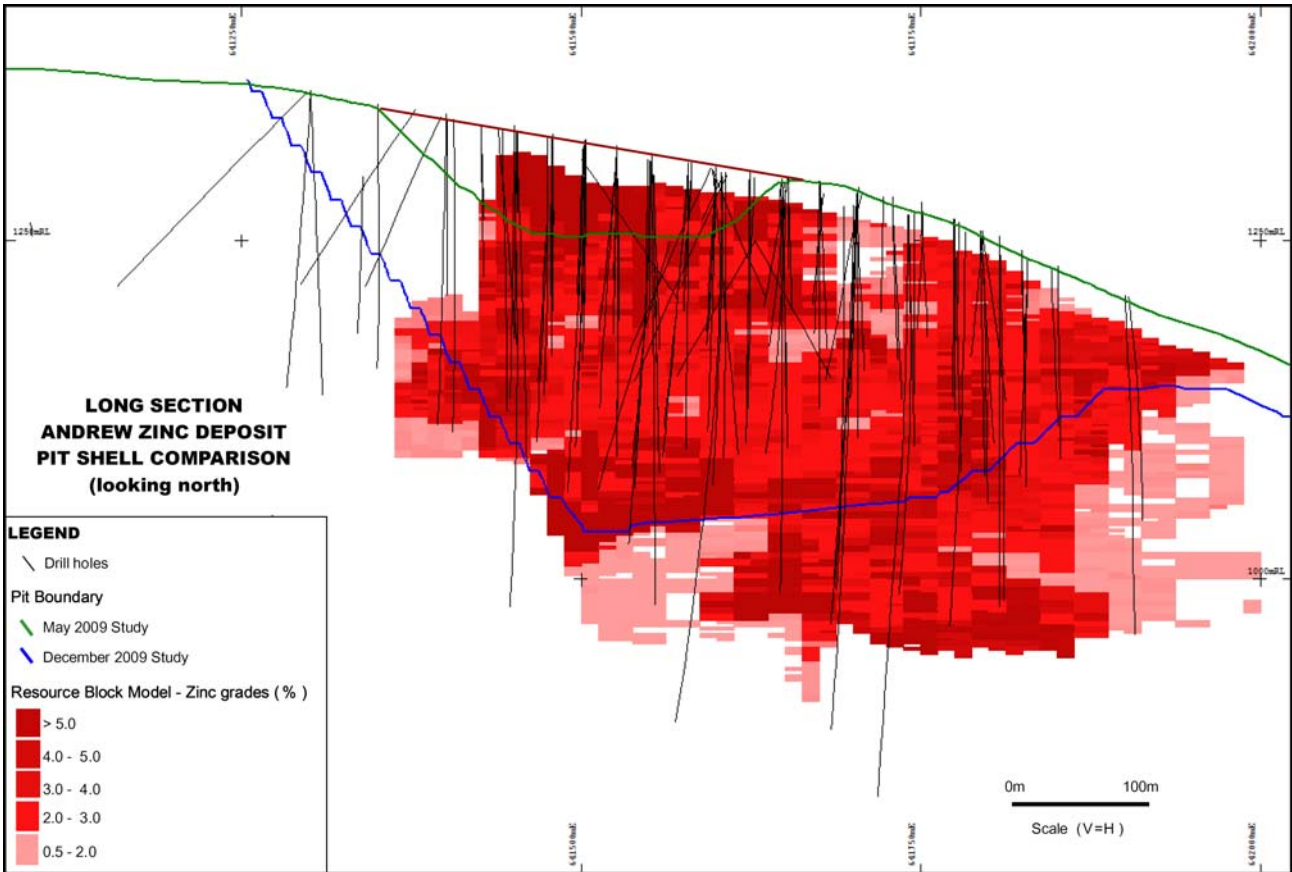


Figure 1: Long section of Andrew Zinc Deposit showing resource ore blocks and comparing open pit shells with and without DMS application.