

MEDIA RELEASE

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Inca de Oro Copper-Gold Project and Carmen deposit sale process

Inca de Oro S.A (IDOSA), a joint venture between PanAust Minera IDO Limitada (PanAust Minera) and Corporación Nacional del Cobre de Chile (CODELCO), is considering the sale of the Inca de Oro Copper-Gold Project, located near the town of Inca de Oro, Chañaral Province in the Atacama Desert, Chile. PanAust Atacama SpA, the sole owner of the nearby Carmen deposit, is also considering the sale of this asset.

PanAust acquired its interest in the Inca de Oro Copper-Gold Project in February 2011 and led a series of studies to determine the Project's optimal development pathway. These studies concluded that both the Project and Carmen deposit offer substantial copper, gold and silver production at competitive capital and operating costs.

Several parties have expressed interest in acquiring the Projects. IDOSA and PanAust Atacama are therefore considering the sale of the Projects and welcome all interested parties to participate in the sale process.

A brief fact sheet accompanies this media release.

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Inca De Oro and Carmen Copper-Gold Project Opportunity

Overview

Inca de Oro S.A. (IDOSA) is considering the sale of the Inca De Oro Copper-Gold Project (the Project). IDOSA is a joint venture between PanAust Minera IDO Limitada (PanAust Minera) and Corporación Nacional del Cobre de Chile (CODELCO). PanAust Atacama is also considering the sale of the Carmen deposit.

The 2014 Inca de Oro sulphide extended feasibility study identified a 9 million tonnes per annum (Mtpa) project development, including oxide processing, that could yield a pre-tax net present value of US\$208 million and IRR of 14 per cent over a 22-year mine life at metal prices of US\$3.20/lb copper and US\$1,300/oz gold. The operating margin over the first eight years of mine life (the high margin years) averaged US\$1.76/lb while the remaining 14 production years averaged US\$0.55/lb due to lower grade and lower margin mill feed.

The principal driver of economic value for the Project is the higher grade and softer mill feed from the Inca de Oro porphyry deposit. At a 9Mtpa throughput rate, this deposit provides 10 years of higher grade feed that repays the initial capital investment and provides a higher return on investment. The harder and lower grade Inca de Oro andesite mill feed provides a further 12 years of mine life with returns sensitive to prevailing metal prices.

2014 Extended Feasibility Study – Key Metrics		
Production (LOM total)		
Copper	kt	881
Gold	koz	527
Silver	koz	7,780
Operating costs (average)		
Mining	US\$/t material	2.03
Processing	US\$/t total ore	9.22
Oxide (incl G&A costs)	US\$/t oxide ore	13.96
Sulphide	US\$/t sulphide ore	8.48
Rehandle	US\$/t rehandled ore	1.32
G&A	US\$/t sulphide ore	1.26
Total operating costs	US\$/t total ore	18.05
C1 cash costs (LOM)	US\$/lb	1.91
C1 cash costs (Year 1-8)	US\$/lb	1.44
AISC (LOM)	US\$/lb	2.20
AISC (Year 1-8)	US\$/lb	1.80
Capital costs		
Pre-strip	US\$M	128
IDO oxide - initial	US\$M	80
IDO sulphide - initial	US\$M	530
IDO sulphide - deferred	US\$M	114
Carmen - initial	US\$M	-
Fleet - LOM (incl interest)	US\$M	156
TSF sustaining capital	US\$M	134
Other sustaining capital	US\$M	54
Financials (pre-tax and real)		
NPV _{0%}	US\$M	899
NPV _{8%}	US\$M	208
NPV _{10%}	US\$M	120
IRR	%	13.7%
Payback	Years	4.7
Capital intensity (Year 1-8)	US\$/t	10,697
Capital intensity (LOM)	US\$/t	15,776



Project location and ownership

The Project is located in Chile's Region III, approximately 105 kilometres north of the regional centre of Copiapo. The Inca de Oro deposit is located immediately to the east of the town of Inca de Oro. The site is at a moderate elevation of 1,650 metres above sea level and adjacent to a major sealed highway, Route C17, connecting the city of Copiapo to the city of Diego de Almagro. The town of Inca de Oro is 42 kilometres from Diego de Almagro. The Project is also accessible via Route 5 in the Bahía Flamenco sector.

The Inca de Oro porphyry deposit contains copper, gold, silver and molybdenum mineralisation. The Carmen and Artemisa deposits, which have been considered in the Project evaluation, are nearby.

The Inca de Oro Copper-Gold Project is owned by IDOSA, a joint venture between PanAust Minera and CODELCO. PanAust Minera holds a 66 per cent interest in IDOSA and CODELCO holds the remaining 34 per cent. The nearby Carmen deposit is owned 100 per cent by PanAust Atacama SpA (PanAust Atacama). |



Inca de Oro and Carmen Mineral Resource estimate

Inca de Oro		As at 31 December 2014, released to the ASX on 19 February 2015		
Heap Leach				
Inca de Oro Oxide and Mixed (0.25% copper cut-off)				
Class	Tonnes (Mt)	Cu Soluble (%)		
Measured	11	0.22		
Indicated	54	0.23		
Sub-total (M+I)	64	0.22		
Inferred	7	0.14		
TOTAL	71	0.20		
Flotation				
Inca de Oro Supergene and Primary (0.25% cut-off)				
Class	Tonnes (Mt)	Cu Total (%)	Au (g/t)	Ag (g/t)
Measured	186	0.44	0.13	2.0
Indicated	126	0.35	0.08	1.7
Sub-total (M+I)	312	0.41	0.11	1.8
Inferred	77	0.30	0.06	1.4
TOTAL	389	0.39	0.10	1.7
Carmen		As at 31 December 2013, released to the ASX on 19 February 2015		
Class	Tonnes (Mt)	Cu Total (%)	Au (g/t)	Ag (g/t)
Measured	5	0.33	0.42	1.1
Indicated	7	0.35	0.43	1.3
Sub-total (M+I)	12	0.34	0.43	1.2
Inferred	34	0.34	0.31	1.0
TOTAL	46	0.34	0.34	1.0

IDOSA Proposed Transaction

IDOSA is considering the sale of the Inca de Oro Copper-Gold Project and is inviting qualified prospective investors to submit proposals for this asset.

The scope of the Proposed Transaction includes IDOSA's assets and rights in relation to the Project including:

- All mineral rights
- All development and operating rights and permits currently held by the Project and IDOSA
- All other development assets

The transaction will be structured at an outright purchase of 100 per cent of IDOSA's interests in the Project.

Carmen deposit Proposed Transaction

PanAust Atacama is considering the sale of the Carmen deposit and is inviting qualified prospective investors to submit proposals for this asset.

The scope of the Proposed Transaction includes PanAust Atacama's assets and rights in relation to the deposit including:

- All mineral rights
- All development and operating rights and permits currently held by PanAust Atacama SpA
- All other development assets

The transaction will be structured at an outright purchase of 100 per cent of PanAust Atacama's interest in the deposit.

Process

Upon execution of a Confidentiality Agreement, parties invited to participate in the process will be provided with access to other relevant technical information on the Project/deposit. Information concerning the bidding process and process timetable is included in the accompanying Process Letter. IDOSA and PanAust Atacama reserve the right to amend the process at any time.

Important notice

This document has been prepared at the direction of and from materials and information supplied by Inca de Oro S.A. (IDOSA) and PanAust Atacama SpA (PanAust Atacama) and is provided to a limited number of parties (collectively, 'Recipients' or individually, a 'Recipient') in evaluating the Proposed Transaction.

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