



Date: 27 March 2013

Mount Magnet South NL

Is an emerging gold producer targeting commencement of production at an initial rate of 68,000 ounces per year in 2013.

Fast Facts

ASX: MUM

Share Price (26/03/2013)	\$0.046
Shares on Issue	538,020,816
Market Cap (26/03/2013)	\$24.7m
Share Price Range (12 Months)	\$0.028/\$0.089

Directors and Key Management

Reg Gillard	Chairman
Patrick Flint	Non-Executive Director
Mark Pitt	Non-Executive Director
Colin Chenu	Non-Executive Director
Susmit Shah	Company Secretary
Graham Howard	General Manager - Projects

Company Projects and Infrastructure

Kirkalocka Gold Project and Processing Plant

Infrastructure Includes:

- 1.6-2.2Mtpa Processing Plant
- Primary and Secondary Crusher
- Gravity and Carbon in Leach/Pulp Circuits
- 1.4 MW SAG Mill
- 110 Room Camp, Offices and Warehouses
- Tailings Storage Facility and Waste Landform
- 1,800 m Airstrip

Jumbulyer Gold and Copper Project

Investment Highlights

- Targeting gold production in 2013
- Initial rate of 68,000 ounces per annum
- Low CAPEX due to infrastructure at Kirkalocka
- Leading investment bank mandated for debt
- Highly experienced board and management team
- All major approvals are granted
- Higher grade, near surface mineralisation at Jumbulyer

Mission: Gold Production in 2013



Final Major Approvals Received for the Kirkalocka Gold Project

Highlights:

- Mount Magnet South NL has been granted the final major approvals; the *Mining Proposal and associated Mine Closure Plan*, and the *Operations Project Management Plan*, by the Department of Mines and Petroleum ("DMP") on its path to production at the Kirkalocka Gold Project.
- As part of the approval process, the DMP has set additional Environmental Performance Bonds at \$606,000 as opposed to the budgeted \$2.6 million.
- Mount Magnet South NL's Chairman Reg Gillard said, "This is another significant step forward in our goal of becoming a gold producer in 2013. The \$2 million reduction in environmental bonding is an unexpected bonus, as obviously it reduces our initial funding requirement by that amount. We will continue our efforts to finalise development funding in the near term."

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KIRKALOCKA GOLD PROJECT – APPROVALS

Mining Proposal for the Kirkalocka Gold Project

Mount Magnet South NL (ASX: MUM) (“the “Company”) is pleased to announce that it has received the final major approval required for the Kirkalocka Gold Project (“KGP”).

The DMP has approved the *Mining Proposal and associated Mine Closure Plan, and the Operations Project Management Plan* and as part of this approval process has set the total required for additional environmental performance bonds for the KGP at \$0.6M. This decision results in a \$2.0M reduction in the initial funding requirement to bring the KGP into production, as the March 2013 Optimised Feasibility Study (refer to the news release dated 14 March 2013) budgeted for an amount of \$2.6 million in additional environmental performance bonds.

The proposed development at the KGP is located on granted mining leases and the Company has now received the following major licenses and permits for the recommencement of operations:

- Mining Proposal and Mine Closure Plan
- Project Management Plan
- Vegetation Clearing Permit
- Works Approval for Uplift of Tailings Storage Facility
- DEC Environmental Protection Act 1986 Prescribed Premise Licence
- Approval from DEC to take protected fauna in accordance with Regulation 15 of the Wildlife Conservation Act, 1950

The grant of the Mining Proposal and the Project Management Plan enables the Company to focus on the planned debt funding arrangements for a significant portion of capital expenditure and development working capital requirements. As previously advised, due diligence and debt facility documentation by a leading global banking, securities and investment management firm is anticipated to be completed by early Q2 2013.



Figure 1: Existing Kirkalocka Processing Plant

KIRKALOCKA GOLD PROJECT DEVELOPMENT SUMMARY

Mount Magnet South NL is targeting commencement of production in 2013 at its 100% owned KGP at an initial rate of 68,000 ounces per annum. In March 2013, the Company completed an Optimised Feasibility Study (“OFS”) into the re-commencement of operations at KGP. Key financial results, including sensitivity analysis for movements in the gold price and excluding the reduction in the environmental bond amounts, are shown in Table 1. The OFS is based on the development of an open cut mining operation, the use of the existing conventional CIL/CIP gold processing plant (with an upgraded crushing circuit) with related infrastructure to mine and process 1.6 – 2.2 Mtpa gold ore from defined Ore Reserves at the KGP.

Table 1: March 2013 Optimised Feasibility Study Financial Results excluding the revised environmental bond value

Gold Price	A\$1,500	A\$1,550	A\$1,600	A\$1,700
Net cash flow (before tax) ¹	\$86.9 M	\$100.6 M	\$114.3 M	\$141.6 M
NPV ²	\$67.4 M	\$78.9 M	\$90.4 M	\$113.5 M
IRR ³	70%	79%	87%	102%

Existing Infrastructure

Mount Magnet South NL has substantial existing infrastructure at KGP including:

- 1.6 – 2.2 Mtpa processing plant;
- Primary and secondary crusher;
- Gravity and carbon in pulp/leach circuits;
- 1.4 MW SAG mill;
- 3.6 MW power station (independently owned);
- 1,800 m air strip;
- Tailings storage facility and waste landform; and
- 110 room camp and all associated offices, warehouses, workshops and camp.

The existing infrastructure at KGP means that capital expenditure required for the recommencement of operations at the KGP is relatively low and has a positive impact upon the total production costs and overall economics of the project.

¹ Net cash flow is calculated prior to interest and tax but includes capital expenditure and royalties.

² NPV is calculated prior to interest and tax but includes capital expenditure and royalties.

³ IRR is calculated at the commencement of production.

Project Financing

The Company has mandated a leading global investment banking, securities and investment management firm to provide project loan and gold hedging facilities for the KGP development. The proposed facilities will indicatively comprise:

- Loan facility of up to A\$20,000,000;
- Cost overrun facility of up to A\$3,000,000; and
- AUD gold hedging facility.

Negotiations to increase the loan facility amount based upon the improved economics of the Optimised Feasibility Study are underway. Technical due diligence and loan documentation are anticipated to be completed in early Q2 2013.

Experienced Management and Technical Team

Mount Magnet South NL has assembled a highly experienced management and operational team to lead the re-commissioning of the KGP and commencement of gold production in 2013 (Table 2).

Table 2: Management Team

Name	Position/Experience	Previous Company Experience
Graham Howard	General Manager Projects (26 years)	Newcrest
Dale Harrison	Engineering & Metallurgy Manager (22 years)	Wave Engineering, Sons of Gwalia
Craig Power	OHS Corporate Consultant (35 years)	BHP, Rio Tinto
Marcus Hope	Geology Manager (15 years)	Newcrest
Amy Barker	Environment & Land Access Manager (10 years)	Fortescue Metals Group

Development Upside

Mount Magnet South NL continues to identify project enhancements to further improve the financial results of the KGP. These opportunities include, but are not limited to the following:

- Similar grade oxide mineralisation is located south of the current southern Ore Reserve boundary. This material is currently classified according to the 2004 JORC code as Inferred resource. This material will be targeted as part of ongoing exploration of the southern extension of the KGP gold mineralisation trend. The Company has to date identified a mineralisation trend that extends 2 km south of the March 2013 Ore Reserve limit. This additional oxide mineralisation could potentially add near surface gold mineralisation to the production profile at KGP.
- The first two stages of scout drilling at the Jumbulyer Gold Project have identified two mineralised structures that have the potential to add higher grade gold mineralisation to the KGP resource base.
- Gold mineralisation remains open at depth below the Curara Well Open Pit with the best drill hole, 08CWDD003, intersecting 33 m @ 7.8 g/t Au from 177 m downhole.

With 858 km² of largely unexplored tenements at the southern end of a significant gold mineralised belt, Mount Magnet South NL has a wide array of exploration targets to potentially add gold ounces and life of mine to the KGP.

For further information contact:

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Competent Person's Statements

The optimisation, mine design and Ore Reserve reporting was completed by Anthony Keers (CP) MAusIMM who is a director of Auralia Mining Consultants. Anthony Keers has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves (JORC, 2012). Anthony Keers consent to the inclusion in this report of the matters based on the information in the form and context that the information appears.

The information including Ore Reserve database compilation, project parameters and costs were completed under the overall supervision and direction of Graham Howard MAusIMM, who is a full time employee of Mount Magnet South NL. Graham Howard has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC, 2012). Graham Howard consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Rounding, conforming to the JORC Code, may cause some computation discrepancies

Caution Regarding Forward Looking Information:

This report contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management of the Company believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Assumptions have been made by the Company regarding, among other things: the price of gold, development of a gold mine at the Kirkalocka Gold Project, the receipt of required statutory approvals, the accuracy of capital and operating cost estimates, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. The Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Contact Details

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