

HEEMSKIRK

Announcement



28 July 2010

Los Santos Tungsten: Production continuing to increase

KEY POINTS

- ▶ Milling rate in excess of design
- ▶ Recovery averaging 64% and increasing
- ▶ Regular shipping of concentrate
- ▶ Concentrate quality produced exceeds specification at greater than 72% WO₃

Heemskirk Consolidated (ASX:HSK) is pleased to announce that production at its wholly owned Los Santos tungsten operation in Spain continues to improve as both plant performance and mine contractor performance are stabilising.

Further to our previous announcement regarding recommencement of concentrate shipment following the restart of ore processing at Los Santos (25 June 2010), the Company reconfirms production and recovery rates have rapidly improved during this initial period of production.

Mr Kevin Robinson, Managing Director, said

"Whilst the Los Santos crew are still bedding down the significant flow sheet changes in the processing plant, we are delighted with the plant's performance. Consistently, the team has operated the plant at 70tph (project design parameter was 65tph) with tungsten recoveries approaching the design target of 65%. Recoveries have averaged 64% during July and at times exceeded this. Of particular note is the significant improvement in concentrate grade where we are now delivering in excess of 72% contained WO₃; well over specification grade of 68% WO₃. Three containers (19 tonnes each) of the higher grade concentrate will be produced in July.

We recommenced processing initially with low grade feed to the plant and the recent introduction of higher grade run-of-mine feed has seen a step change in concentrate recovered. We are now setting a program for regular concentrate shipments to our offtake partner, Global Tungsten Powders in the United States.

Plant availability has improved to 85% as minor modifications have been completed. Target availability is 91%.

Importantly Sanchez y Largo (SyL), our new mining contractor, is meeting the production and quality targets we set at the outset. Both mine activity and unit costs have improved, justifying the difficult decision made last year to change contractors. SyL's high standard of work is reflected in the conditions of the roads and pit floors, as well as the control of blasting and loading activities."

For further information, please contact:

Peter Bird
Executive Director
Corporate and Markets

Heemskirk Consolidated Limited
ABN 18 106 720 138
Level 5
303 Collins Street
Melbourne Victoria 3000
Australia

Telephone: +61 3 9614 0666
Facsimile: +61 3 9614 4466
Email: hsk@heemskirk.com

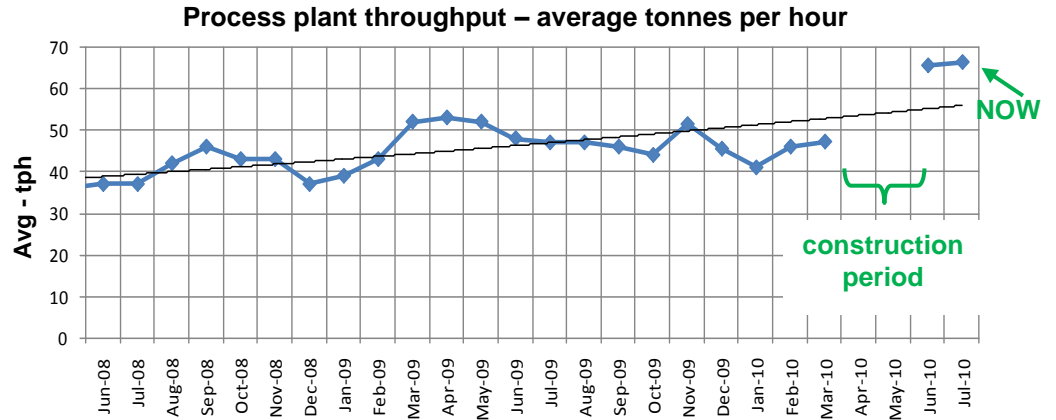
This information is available on
our website at
www.heemskirk.com

Kevin Robinson
Managing Director

HEEMSKIRK Announcement



28 July 2010



Directors

Bruce Kay
(Non-Executive Chairman)

Ross Herron
(Non-Executive Director)

Lex Hansen
(Non-Executive Director)

Kevin Robinson
(Managing Director)

Peter Bird
(Executive Director
Corporate & Markets)

