

# HEEMSKIRK

## ASX Announcement

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### Los Santos project update

For further information, please contact:

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Kevin Robinson  
Managing Director



#### KEY POINTS

- Project 65 x 65 on schedule and budget for April commissioning.
- Exploration continues with near mine success.
- New mining contractor to be appointed.
- Ernst & Young Transaction Advisory Services appointed as Corporate Advisor.

Project 65 x 65 is focussed on delivering process plant performance of 65 tonnes per hour throughput supported by 65% recovery of tungsten to concentrate.

Key to achieving this performance is the introduction of additional grinding and separation stages to the current plant configuration.

Mr Kevin Robinson, Managing Director, said,

"What we have found at Los Santos is the need to have the ability to respond to the varying ore types presented from the pits.

Project 65 x 65 will introduce additional grinding and separation capacity that will enhance the ability to recover the softer tungsten mineral at the earliest and coarsest possible stage in the processing route.

This project is a significant modification to the circuit. We are installing a ball mill to operate in line with the current rod mill, more than doubling the spiral separation capacity and installing nearly 3 times the tabling capacity. These step changes will give us considerable flexibility and will mean that each recovery step can be better controlled".

Mr Robinson was keen to note the contributions from the Los Santos team. "We are really pleased with the work that has been completed to date at site. The particularly harsh Northern Hemisphere winter created some very difficult working conditions on site with temperatures down to minus 15 degrees C. In spite of this, work has continued apace. Structural steelwork has been installed, the mill foundation and plinths completed and the majority of equipment is on site.

Half of the new tables are in place, two of the three Low Intensity Magnetic Separators (LIMS) have been installed, commissioned and are operating and the ball mill will be lifted into place within the next few weeks. This work is being coordinated by our own personnel and furthermore, to do so through these weather conditions without incident is a credit to them all".

## GEOLOGY

During this period, Reverse Circulation (RC) grade control drilling has been continuing to improve the level of confidence of resources.

The geological model continues to be updated as new information becomes available. New mineralisation has been discovered that will extend the current planned pit limits of both Los Santos Sur and Las Cortinas West. Current drilling appears to confirm the depth of oxidation and grade in the planned Sector Central pit.

## MINING

The mining contract was terminated at the end of 2009 and a process to provide a negotiated way forward with that operator undertaken. Unfortunately, agreement in

relation to terms and conditions of a new style of engagement could not be reached.

Pricing from alternate mining contractors is currently being reviewed with a new contract to be awarded prior to the end of March. This timing complements the planned restart of mining activity prior to Project 65 x 65 commissioning. Sufficient ore remains in the ROM stockpile to supply the plant during this period.

## CORPORATE ADVISOR APPOINTMENT

As previously reported, corporate interest in the Los Santos Project has been expressed by a number of entities. In order to appropriately coordinate and address this interest, Ernst & Young Transaction Advisory Services Limited (EY) has been appointed as Corporate Advisor in relation to Los Santos.

Heemskirk is focussed on increasing the production from the Los Santos Project, however, the strategic value that the Los Santos Project represents to other industry participants has been recognised. This corporate process, to be co-ordinated by EY over the next few months, will explore opportunities to maximise value for Heemskirk shareholders.

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