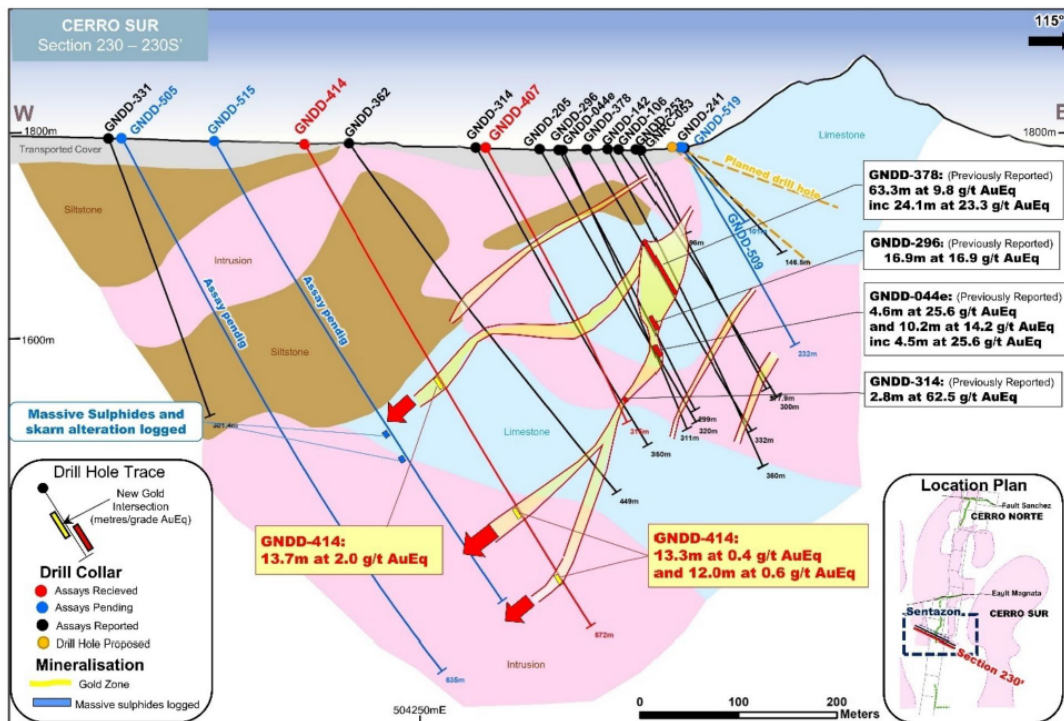


Hualilan drilling pushes mineralisation deeper

- ▶ 48 out of 58 holes hit significant gold mineralisation
- ▶ The mineralisation which will be included in the resource is pulling the potential open pit deeper.
- ▶ Extensions to Sentazon mineralisation at depth and along strike in the release are impressive particularly those where the high grade expands out closer to surface.
- ▶ Magnata fault targets at depth in this drilling are extending the high-grade zones and look to be a series of en echelon zone extending to surface.
- ▶ The Sanchez fault zone is showing some good low-grade which would fit into an open pit and the next focus will be to see if the Sanchez also replicates what happens at Magnata at depth.

Fig. 1. Sentazon drilling – note mineralisation thickens at intersection of steeply dipping Footwall Zone and shallow dipping Sentazon Manto



Overall impact of drilling

- ▶ The drill results released today would appear to have been targeted at providing enough information to extend the mineralisation at depth and infill and confirm historical drilling. It should provide CEL with enough data to define a Measured, Indicated and Inferred Resource.
- ▶ Our previous modelling included a low-grade resource of 1.75Moz at 1.1g/t and a high-grade resource 390koz at 7.0g/t. Based on the drill results released to date we believe that the high-grade intersections will pull the open pit deeper, and an underground development will be deferred for several years. The mix between high-grade and low-grade is therefore likely to even out with a greater proportion of high-grade leading to an improvement in project economics.
- ▶ We will be reviewing our estimates for Hualilan. Our current forecast for Hualilan was for LOM gold production of 204kozpa at an AISC of US\$798/oz yielding an after tax NPV of A\$457m or 54cps.

Any queries please contact:



Warren Edney
Senior Research Analyst

T: +61 432 322 275
E: wedney@henslow.com