

## ASX / Media Release

21 April 2009

### **Meridian To Acquire Advanced Western Australian Base Metal Project with existing Zinc-Lead Resources**

#### **Highlights**

- Memorandum of Understanding (“MOU”) has been entered into for Meridian Minerals to acquire 100% of an advanced base metals project held by Lennard Shelf Pty Ltd in Western Australia, excluding the Pillara mining leases and mining assets;
- The Lennard Shelf region is one of the world’s premier Mississippi Valley Type (“MVT”) provinces containing pre-mining zinc-lead resources of 41 million tonnes (“Mt”) @ 7.9% zinc and 3.2% lead;
- Existing JORC resources defined within the tenement package to be acquired, include Kutarta (2.34Mt @ 7.2% Zn, 0.5% Pb & 39 g/t Ag as Inferred and Indicated resources\*) and Fossil Downs (2.15Mt @ 9.5% Zn, 2.1% Pb & 50 g/t Ag as Inferred resources);
- Multiple areas of known zinc-lead mineralisation exist within the tenement package including the Kapok Mine, Kapok West, Cadjebut Splay, Palijippa and Wagon Pass prospects;
- Consideration for the acquisition will be 25,000,000 Meridian shares, subject to an ASX-imposed escrow period and final due diligence;
- Meridian is required to complete a \$5 million dollar exploration and appraisal program over 2 years to be funded by a staged capital raising.

#### **Summary**

Meridian Minerals Limited (ASX code: MII) (“Meridian” or “the Company”) has entered into an MOU to purchase a package of zinc-lead tenements containing existing JORC-compliant resources in the Lennard Shelf region of Western Australia, from the Xstrata Zinc/Teck Cominco Limited (“Teck”) joint-venture company, Lennard Shelf Pty Ltd (“LSPL”).

The project is located in the Kimberley region of Western Australia, approximately 80 km southeast of Fitzroy Crossing (Figure 1). The Lennard Shelf is one of the world’s premier MVT zinc-lead provinces and prior to the commencement of mining in 1987, hosted resources which were stated as 41Mt @ 7.9% zinc and 3.2% lead.

The Company intends to acquire a 100% interest in the project from LSPL in consideration for the issue to LSPL of 25 million new ordinary Meridian shares. The shares to be issued as consideration will likely be subject to an ASX-imposed escrow period. The acquisition is subject to completion of satisfactory due diligence and an associated new equity fund raising by Meridian. Teck is a cornerstone investor and major shareholder of Meridian.

Meridian Minerals Managing Director, Jeremy Read, said the MOU agreement was in-line with the Company’s strategy to acquire an advanced resource to potentially bring into production while seeking brownfield and greenfield opportunities to build Meridian’s pipeline of projects.

“Meridian has been minimising expenditure during this downturn by leveraging our project assessment skills and experience. This is a period of unprecedented opportunity to acquire assets at historic market lows,” Mr Read said.

“We have assessed in excess of 30 projects in recent times and the Lennard Shelf Zinc-Lead project is the first to have met the strict selection criteria we have set.

\* Kutarta (1.91Mt @ 7.4% Zn, 0.6% Pb & 36 g/t Ag as Indicated resources and 0.43Mt @ 6.4% Zn, 0.2% Pb & 53 g/t Ag Inferred resources)



“This acquisition will provide access to an existing resource base with the potential to significantly expand the known zinc and lead resources in close proximity to existing infrastructure and processing facilities.

“Our initial focus will be to understand the economics of each currently known mineral resource, with the view to determining at what zinc price the known resources could be put in to production.

“We have also commenced planning for a major drill program this winter to extend the existing resources and locate additional mineralisation.”

## **Terms of the Agreement**

The MOU agreement provides Meridian with exclusive access to the project for a period of eight weeks from execution. During this exclusive period, Meridian must raise a minimum of \$5 million for the project and complete final due diligence. The purchase of the project remains contingent upon satisfactory due diligence being completed by Meridian. Detailed due diligence has already been completed on various technical aspects of the project to Meridian’s satisfaction.

Following the completion of satisfactory due diligence, Meridian may purchase 100% of LSPL interest in the tenements, excluding the Pillara mining leases and mining assets, by issuing to LSPL 25 million Meridian shares. The consideration shares will be issued at a price equivalent to the volume weighted average price for Meridian shares for the five trading days prior to signing a Tenement Acquisition Agreement. The consideration shares will likely be subject to an ASX-imposed escrow period. LSPL will also retain a once only right to claw back to a 51% interest in each new resource discovered on the project by funding the completion of a Bankable Feasibility Study or spending \$20 million in development and assessment costs on that resource, whichever comes first. The existing zinc-lead resources on the project are excluded from this clawback right.

## **Planned Project Development and Exploration Program**

Under the MOU, Meridian will spend \$2 million per year for two years on drilling to extend the existing resources and undertaking exploration to discover and define new zinc and lead resources.

A further \$1 million will be allocated to assessing the economic viability of the existing resources. The focus will be the remaining mineralisation in the Kapok mine and also on determining the threshold zinc and lead prices required before each known resource becomes economic. The initial two year assessment, development and exploration program is estimated at costing \$5 million.

Meridian anticipates being able to arrange funding for the project relatively quickly and discussions with a number of potential investors are well advanced, which should allow the acquisition to go ahead as planned and exploration and assessment work to commence in the near term.

## **Mineralisation Style**

The MVT style of zinc and lead mineralisation, which occurs on the Lennard Shelf project, produces metal concentrates which are very highly sought by smelting companies due to the very high-grade and clean nature of the concentrates.

Of all the resources mined to date, the overall recovery has been around 95% for zinc and 85% for lead. Concentrate grades have also been high with the zinc concentrate historically containing 58-60% zinc and the lead concentrate containing 72-77% lead. It is as a result of their clean, high-grade nature, that concentrates from the Lennard Shelf project have in the past attracted a premium price from smelters.



## Development History of the Lennard Shelf Zinc Project

BHP Minerals commenced exploration of the Lennard Shelf region in the late 1970's and shared the exploration risk through a series of joint ventures. After several years of extensive exploration the Pillara deposit was found in 1978. Following the discovery of Pillara, the Cadjebut deposit was discovered in 1984, Goongewa in 1987 and Kapok in 1989. BHP Minerals and Billiton jointly brought Cadjebut into production in 1987 and in the mid-1990's both BHP Minerals and Billiton sold their respective interests in the Lennard Shelf Project to Western Metals.

Following purchase of the project, Western Metals continued with exploration and extended the known resources at Pillara, Cadjebut, Goongewa, Kapok, Kapok West and discovered a new resource at Kutarta. Production from Cadjebut ceased in 1998. Goongewa produced from 1995 to 2001, Kapok from 1997 until 2003 and Pillara intermittently from 1998 until 2008.

Teck purchased the Lennard Shelf assets from the receivers of Western Metals in 2003 and subsequently sold a 50% interest in the project to Noranda (now Xstrata), forming the joint-venture company Lennard Shelf Pty Ltd. LSPL kept the Pillara mine on care and maintenance during a period of low zinc prices from 2003 until 2006 when it recommenced production. Pillara was closed in 2008 following softness in the zinc price resulting from the economic slowdown associated with the Global Financial Crisis.

LSPL undertook exploration within the Lennard Shelf tenements during the field seasons of 2004, 2005, 2006, 2007 and 2008. Highlights included intersecting previously undiscovered mineralisation at the Palijippa prospect in 2005 where, following further drilling in 2006, an in-house inferred resource was estimated. The Palijippa discovery by LSPL demonstrates the excellent potential of the project area for the discovery of additional mineral resources.

Of the known undeveloped resources on the project, two of the largest are Kutarta (1.91Mt @ 7.4% Zn, 0.6% Pb & 36 g/t Ag as Indicated resources and 0.43Mt @ 6.4% Zn, 0.2% Pb & 53 g/t Ag Inferred resources) and Fossil Downs (2.15Mt @ 9.5% Zn, 2.1% Pb & 50 g/t Ag as Inferred resources). These resources have been classified in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves Sept 1999 (by Western Metals, 2003).

Significant mineralisation also exists at the Kapok Mine, Kapok West, Cadjebut Splay, Palijippa and Wagon Pass prospects. The focus of Meridian's early work will be to classify the mineralisation at these prospects in accordance with JORC and to determine their economic viability.

## About Meridian Minerals Limited

Australian gold and base metals exploration company Meridian Minerals Limited, has a prospective portfolio of gold and gold-copper projects within the Lachlan Fold Belt in central and southern New South Wales and the world-class Gawler Craton in South Australia. The Company also holds the Running River Tin Project which is located 120 kilometres northwest of Townsville in the prospective Kangaroo Hill mineral fields in Queensland and the unexplored northern extension of the Lachlan Fold Belt into the Thomson Terrane in northern New South Wales.

Meridian's goal is to create shareholder value and deliver higher returns to its shareholders through the acquisition and/or discovery of gold, gold-copper and other base metal mineral resources, within world class mineral provinces.



**For further information please visit [www.meridianminerals.com.au](http://www.meridianminerals.com.au) or contact:**

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jeremy Read, who is a member of The Australasian Institute of Mining and Metallurgy.

Mr Read is a full-time employee of Meridian Minerals Limited. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to quality as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Read consents to the inclusion in this announcement of the matters based upon his information in the form and context in which it appears.