

ASX / Media Release

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Meridian reaches agreement on A\$10.5M Placement to state owned Chinese Resources Company

Key points:

- **Agreement reached for A\$10.5M placement to Chinese company Northwest Mining and Geology Group Co Ltd,**
- **Issue price of A\$0.08 per share is at a 78% premium to the last capital raising, a 23% premium to the current share price and a 28% premium to the 30 day VWAP,**
- **Following the Placement and post completion of the acquisition of the Lennard Shelf Project, Northwest will hold approximately 45% of the issued capital of Meridian,**
- **Funds will be applied to fast-tracking the development of the Lennard Shelf zinc project in north Western Australia,**
- **Meridian has an exclusive option over the Lennard Shelf project and plans to commence a +20,000m drill program in August to extend the currently defined Inferred, Indicated and Measured resources of 8.2m @ 7.4% Zn and 4.5% Pb (comprising 24,000t of Measured resource, 3,039,000t of Indicated resource and 5,137,000t of Inferred resource),**
- **Placement is subject to FIRB, Chinese Government and Meridian shareholder approvals and completion of the acquisition of the Lennard Shelf project,**
- **Directors of Meridian will unanimously recommend the transaction to shareholders.**

Australian resources company Meridian Minerals Limited ('Meridian' or 'Company') (ASX: MII) has reached agreement to place 131,250,000 ordinary shares to state-owned Chinese company, Northwest Mining and Geology Group Co., Ltd for Nonferrous Metals (NWME), raising A\$10.5M, at a share price of A\$0.08 ('Placement'). NWME will make the placement through its wholly owned Australian subsidiary, Northwest Nonferrous Australia Mining Pty Ltd.

In China, NWME is one of the top five exploration and mining Bureaus (amongst over 100 provincial Bureaus) in terms of revenue and technical capacity. In recent years, NWME has been actively involved in overseas investment and has exploration projects in a number of countries including Mongolia, Argentina, Indonesia, Guinea and Canada.

NWME was founded in 1957 as a subordinate to the Ministry of Metallurgy, People's Republic of China. Now wholly owned by Shaanxi Non-ferrous Metals Holding Group Co., Ltd. (SNG), its main business is to prospect and develop mineral resources in the Shaanxi province and overseas. NWME has more than 6000 employees including 800 geologists, technologists and engineers. NWME was the first Bureau in China to conduct exploration projects in partnership with companies from Western countries (including the Canadian companies Teck Cominco and Placer Dome).



In July 2008, Jinduicheng Molybdenum Group Co. Ltd. (JDC) and Northwest Nonferrous International Investment Company Ltd. (NWII) of China acquired all of the public shares of Yukon Zinc Corporation, a Canadian mining company.

The funds raised by the Placement will be used to fast track the exploration and development program at the Lennard Shelf Project ("Lennard Shelf"), located in the Kimberly region of Western Australia.

Meridian is currently planning an aggressive +20,000m drill program to be completed at the Kapok and Kapok West mineral resources, with drilling anticipated to commence in August. The major objectives of the drill program will be as follows:

- Infill drilling of the Kapok West mineral resource to allow the majority of Kapok West to be classified in the Indicated category and the commencement of a feasibility study;
- Investigate the immediate extensions of the Kapok Central, Kapok East and Kapok West resources in order to grow the overall Kapok mineral resource;
- Investigate any possible link between the Cadjebut Splay resource and the resources at Kapok; and
- Provide drill information which will be required to determine if Kapok/Kapok West can be profitably mined as a combined operation.

It is expected that the majority of the drill program will be completed, using either two or three drill rigs, prior to the onset of the wet season.

Meridian has an exclusive option agreement over the Lennard Shelf Project, with current owners Lennard Shelf Pty Ltd (LSPL) recently granting the Company an extension until 19 August 2009 to enable all relevant legal documents for the acquisition to be finalised and executed. The Placement is conditional on the completion of the acquisition of the Lennard Shelf project.

Upon completion of the Placement, NWME will hold approximately 45% of the issued capital of Meridian. This assumes that the acquisition of Lennard Shelf and the issue of shares to LSPL has also been completed. NWME will also have one representative appointed to the Board of Meridian, which will be reduced to five directors in total. The NWME director will also act as Project Manager of Lennard Shelf. In addition, NWME will also provide a field geologist on secondment.

NWME will also have a right of first refusal to acquire up to 35% of any mineral concentrates which are produced from Lennard Shelf on international benchmark terms.

Meridian's Managing Director Jeremy Read, believes the Placement to such a strong, development focused company such as NWME, will play a key role in the progression of Lennard Shelf.

"We feel that the involvement of such a strong development partner will prove to be a key milestone in the successful development of Lennard Shelf," Mr Read said.

"Northwest Mining and Geology Group Co., Ltd for Nonferrous Metals has proven technical and financial capabilities developed on the world stage over an extensive period of time."



"We believe they are the perfect partner for this project and both boards are moving as quickly as possible to complete the transaction," he added.

Directors of Meridian will unanimously recommend the transaction to shareholders. An Independent Expert's Report will be commissioned to provide an assessment of the transaction for Meridian shareholders.

The Placement to NWME is subject to shareholder and Foreign Investment Review Board (FIRB) and Chinese Government approval. The Company is currently preparing a notice of meeting with regard to this Placement and it will be dispatched to shareholders as soon as possible. The meeting will also seek shareholder approval for the acquisition of Lennard Shelf and the issue of Meridian shares as consideration to LSPL.

NWME will retain the right to participate in future capital raisings to maintain its shareholding level in Meridian (subject to applicable regulatory requirements).

Meridian's lead corporate adviser to the transaction is Ernst & Young Transaction Advisory Services Limited.

For further information please visit www.meridianminerals.com.au or contact:

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About the Lennard Shelf Project

The Lennard Shelf region is one of the world's premier Mississippi Valley Type ("MVT") zinc-lead provinces containing pre-mining zinc-lead resources of 41 million tonnes ("Mt") @ 7.9% zinc and 3.2% lead.

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.

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 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 Cadjebut, Goongewa, Kapok, Kapok West and discovered a new resource



at Kutarta. Production from Cadjebut ceased in 1998. Goongewa produced from 1995 to 2001, and Kapok from 1997 until 2003.

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).

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.

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 qualify 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.