

## ASX / Media Release

7 September 2009

### **Process to Acquire Lennard Shelf Zinc Project and Complete \$10.5M Fund Raising Enters Final Stage**

**Key points:**

- On 5 October, a General Meeting of Shareholders will be held to approve the acquisition of the Lennard Shelf Zinc Project, a \$10.5M placement to Chinese company Northwest Mining and Geology Group Co Ltd and a number of associated resolutions,
- The \$10.5M placement is at an issue price of A\$0.08 per share which is at a 78% premium to the last capital raising and a 33% premium to the current share price,
- The Placement is subject to FIRB and Chinese Government approvals with the Chinese Government approvals expected to be granted before the end of September 2009,
- The price of zinc has increased 37% to US\$0.863/lb from US\$0.63/lb at the time the MOU for the Project was signed and lead has increased 60% to US\$1.04/lb from US\$0.65/lb,
- A Scoping Study has indicated that the break even zinc price required for a combined Kapok/Kapok-West mining operation is potentially \$0.68/lb,
- The significance increases in zinc and lead prices are extremely positive for the economics of the Project,
- The Lennard Shelf Zinc Project currently has defined Inferred, Indicated and Measured resources of 8.2 million tonnes (Mt) @ 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),
- Meridian will soon commence a +20,000m diamond drill program in order to infill drill and look to extend the Kapok West resource,
- Exploration drilling is planned for a number of quality targets with the potential to deliver new resource discoveries.

Australian resources company Meridian Minerals Limited ('Meridian' or 'Company') (ASX: MII) has distributed to its shareholders a Notice of General Meeting and Explanatory Statement for a shareholders meeting to be held on 5 October 2009. The main business of the meeting will be for Meridian shareholders to vote on a series of resolutions relating to the acquisition of the Lennard Shelf Zinc Project and a \$10.5M placement to Northwest Mining and Geology Group Co., Ltd for Nonferrous Metals (NWME).

Meridian's Managing Director Jeremy Read, said that the shareholders meeting was a major milestone in the development of Meridian from a pure exploration company to a company focused on the short term development of zinc and lead mineral resources.

"Over the course of 2009 we have managed to secure for Meridian an excellent project with a significant resource base and a very strong cornerstone investor to work with Meridian in order to take the project forwards to a production decision in mid 2010," Mr Read said.



“Bringing together the Lennard Shelf Zinc Project, the funding capacity and expertise of NWME and Meridian’s outcome orientated approach, has produced a very positive result for Meridian and significantly transformed the company.”

“Our focus in the next twelve months will be to assess the potential for the Kapok and Kapok West resources to be put in to production, plus undertake exploration drilling with the goal of growing the existing mineral resource base,” he added.

### **Lennard Shelf Zinc Project**

The Lennard Shelf Zinc Project is located in the Kimberley region of Western Australia, approximately 80 km southeast of Fitzroy Crossing (Figure One). The Lennard Shelf region is one of the world’s premier Mississippi Valley Type (“MVT”) zinc-lead provinces.

During its Due Diligence on the Lennard Shelf Zinc Project Meridian determined that the Kapok Mine, Kapok East, Kapok West, Kutarta, Cadjebut Splay, Fossil Downs and Napier Range mineral resources within the project area had previously been classified in accordance with JORC. On 1 July 2003 Western Metals, a previous holder of the project, released to the ASX a resource statement stating mineral resources on the project. Of the current resources, only the Palijippa mineralisation was not identified at that stage. The total resources for the project classified in accordance with JORC by Western Metals were 8.2Mt @ 7.4%Zn and 4.6% Pb (Table One).

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 soon after the shareholders meeting. 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 and Kapok West can be profitably mined as a combined operation.

Meridian completed a break even analysis and an investigation of the potential cost of production from Kapok and Kapok West. Taking into account mining, milling, transport, and treatment and processing charges, the estimated cost of production from Kapok and Kapok West was US\$0.48-0.58 per zinc equivalent pound of metal produced. Taking into account capital costs of AU\$35M, the estimated breakeven price for production from Kapok and Kapok West was US\$0.68/lb of zinc equivalent metal. As this estimate is based upon a Scoping Study and an Inferred resource model for Kapok West, it may vary significantly. However, it does provide strong justification for assessing as rapidly as possible the potential to put Kapok and Kapok West into production (Table Two).

Table One – Lennard Shelf Resource Inventory

Resource	Cutoff Grade		Measured	Indicated	Inferred	Total
Kapok Central	5% Zn	Tonnes	23,000	868,000		891,000
		Zn%	7.0	8.6		8.6
		Pb %	9.4	5.5		5.6
Kapok East	5% Zn	Tonnes	1,000	261,000	357,000	619,000
		Zn%	2.6	6.9	8.0	7.6
		Pb %	18.2	6.6	11.2	9.3
Kapok West	5% Zn	Tonnes			1,220,000	1,220,000
		Zn%			4.3	4.3
		Pb %			9.0	9.0
Kutarta	5% Zn	Tonnes		1,910,000	430,000	2,340,000
		Zn%		7.4	6.4	7.2
		Pb %		0.6	0.3	0.5
		Ag g/t		36	53	39
Cadjebut Splay	5% Zn	Tonnes			390,000	390,000
		Zn%			1.4	1.4
		Pb %			14.4	14.4
Fossil Downs	5% Zn	Tonnes			2,150,000	2,150,000
		Zn%			9.5	9.5
		Pb %			2.1	2.1
		Ag g/t			50	50
Napier Range	5% Zn	Tonnes			590,000	590,000
		Zn%			8.5	8.5
		Pb %			8.0	8.0
		Cu%			0.5	0.5
		Ag g/t			75	75
<b>Lennard Shelf Total</b>		<b>Tonnes</b>				<b>8,200,000</b>
		<b>Zn%</b>				<b>7.4</b>
		<b>Pb %</b>				<b>4.6</b>

Table Two – Estimated Break Even Zinc Prices Required for Each Resource

Resource	Break Even Zn (8% Discount Rate) US\$/lb	Break Even Zn (15% Discount Rate) US\$/lb
Kapok/Kapok West	\$0.63	\$0.68
Kapok	\$1.32	\$1.35
Fossil Downs	\$0.94	\$0.97
Kutarta	\$1.49	\$1.55
Palijippa	\$1.55	\$1.59



## Placement to NWME

On 22 July, Meridian reached agreement to place 131,250,000 ordinary shares to the Chinese company, Northwest Mining and Geology Group Co., Ltd for Nonferrous Metals (NWME), raising \$10.5M, at a share price of \$0.08 ('Placement'). NWME will make the placement through its wholly owned Australian subsidiary, Northwest Nonferrous Australia Mining Pty Ltd.

The Placement to NWME is subject to shareholder and Foreign Investment Review Board (FIRB) and Chinese Government approvals. It is likely that the Chinese Government approval for the placement will be received before the end of September 2009.

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.

The funds raised by the Placement will be used to fast track the exploration and development program at the Lennard Shelf Zinc Project.

Upon completion of the Placement, NWME will hold approximately 45% of the issued capital of Meridian. This assumes that the acquisition of the Lennard Shelf Zinc Project tenements and the issue of shares to LSPL have also been completed. NWME will also have one representative appointed to the Board of Meridian, which will be reduced to five directors in total.

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

**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 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.