

# EMED MINING QUARTERLY OPERATIONAL UPDATE

16 January 2012

EMED Mining Public Limited (AIM: EMED, TSX: EMD) (“EMED Mining” or “the Company”), the Europe-based minerals development and exploration company, announces today the following operational update for the three-month period ended 31 December 2011. The full Quarterly Report, including consolidated Financial Statements and the Management Discussion and Analysis, will be issued on or before 31 March 2012.

Managing Director Harry Anagnostaras-Adams will be hosting an on-line investor briefing at 15:00 GMT (10:00 am Toronto time) on Tuesday 17 January, which will be broadcast live via video conference. To participate in the conference, during which participants will be able to email questions, attendees should go to [www.presentation-matters.co.uk/emedwebstream](http://www.presentation-matters.co.uk/emedwebstream)

## Key Points

### Rio Tinto Copper Mine – Spain

- The Junta de Andalucia (the “Government”) has made public policy statements that clearly confirm support for the Company’s plans to restart the Rio Tinto Mine as soon as possible, including that it wants the project to be triggered in Q3 2012, the same target date as EMED Mining.
- Supportive public statements include that it is satisfied with the Company’s constructive approach to resolving outstanding issues, and with its technical and economic competencies - the criteria for approval of its administrative standing.
- The Company has responded to all queries and requests from the Government regarding permitting. These responses have addressed all matters raised. The Company has also undertaken to provide independent expert reports on sensitive areas such as the optimisation of waste and tailings management and storage.
- The Government has taken initial steps to demonstrate its commitment to administer permitting and access to third-party lands, whilst ensuring proper handling of third parties’ rights and full regulatory compliance. The judiciary has dismissed all legal challenges filed by the former project operator and adjoining landowners against the Company’s plans. Any challenges yet to be heard are considered to be frivolous, are expected to be dismissed by the judiciary, and have no bearing on the project.
- An agreement was executed with project vendor MRI Holding (“MRI”) giving the Company rights to a number of mineral concessions adjacent to the Rio Tinto Copper Mine site. This provides exploration potential which will potentially aid the Company’s objective to extend project life.

### Detva Gold Project – Slovakia

- The approvals process continues for the proposed open-pit mine at Biely Vrch and includes stakeholder consultations. It is currently envisaged that the project will produce ~60,000 ounces of gold per year at an average cash cost of ~US\$530/ounce but the Company intends to further optimize the pit design.

### Corporate

- EMED Mining is engaging with a range of banks, potential product customers, royalty funds and equity investors to optimize financing of the production start-up in Spain. Short-listed parties have provided indicative terms sheets which include proposals for full funding of anticipated requirements.

- Resource Capital Funds and RMB Australia Holdings have exercised their right to convert the amounts owed to them under the secured convertible loan agreement dated 4 March 2009 into new ordinary shares at a price of 4.13 pence per share. Accordingly, the outstanding principal amount owing under the Loan Agreement of US\$8.5 million has been satisfied in full by the issue of shares. RCF now owns 167.0 million shares and RMB 67.5 million shares, 18% and 7% respectively of the fully-diluted shares on issue.
- Dr. Jose Nicolas Sierra Lopez has joined the Board of EMED Mining as non- executive Director based in Madrid. Dr. Sierra (aged 73) brings to the Company extensive experience as a mining and energy leader in the business and government sectors, formerly as Spain's national Director General of Mines and Construction Industries, and the EU's Director for Fossil Fuels.
- Mr. Robert Francis has joined the Board of EMED Mining as a non-executive director based in Canada. Mr Francis (aged 66) is a retired senior partner of the Toronto office of Deloitte & Touche LLP, having enjoyed an extensive career in public accounting in Canada. He provided a complete range of services to the metals/mining sector and advised extensively on corporate regulatory compliance matters.

**Harry Anagnostaras Adams, Managing Director of EMED Mining, commented:**

“EMED Mining enters 2012 full of optimism regarding the permitting and start-up of the Rio Tinto Copper Mine. We look forward to restarting this major copper mine and greatly appreciate that we have earned public declarations of support from the Andalucian Government, all political parties, unions and municipal councils.

“We are committed to the timetable that aims to trigger the restart during Q3 2012, followed by a ramp-up to target steady-state production of 9 million tonnes of ore per annum and concentrate containing 82 million pounds of copper in 2014.

“The Company’s teams are making steady progress on all aspects of permitting, legal, finance and project planning of start-up and expansion. In mid-2010 we lodged full submissions covering all operational and environmental aspects of restarting Rio Tinto. Between April and November 2011 there has been a series of requests from the Government. Having submitted our various responses, the substantive issues still on the table relate to waste and tailings management. We feel confident that our plans satisfy all local, European and international standards. Nevertheless EMED has commissioned independent specialist reviews on those aspects because we are committed to providing and demonstrating the best possible solution that balances environmental, economic and operational criteria.

“Two key steps need to be completed during Q1 2012 in order to be able to trigger the restart of this major copper mine during Q3 2012. The first is the transfer of the mineral rights (Administrative Standing) which will enable EMED Mining to utilize third-party owned land that is required for the project. We believe that EMED Mining, based on its legal, technical and economic capacities, has satisfied the tests for this first step. The second step is for the technical teams of the Government and the Company to agree the remaining unresolved environmental aspects so that detailed engineering and final documentation for the entire project can proceed, be assembled, submitted and duly processed.

“Our plans for the Rio Tinto Copper Mine are in full compliance with European Union standards and embrace a vision that comprises the concepts of sustainability and environmental stewardship.

“We have also been laying the foundations for commencement of brownfields exploration programs which have the potential to expand mineral resources and extend project life which is of paramount importance to all stakeholders.”

## **CORPORATE STRATEGY**

In Spain, the Company’s Rio Tinto Copper Mine provides an excellent opportunity to bring a large copper mine back into production at a relatively low total cost as it already has an established open-pit mine, processing plant and other infrastructure.

In Slovakia, the Biely Vrch deposit at the Company's Detva Gold Project is a potential greenfields development of an open-pit gold mine.

EMED Mining has earlier-stage activities in Cyprus and an 18% equity interest in KEFI Minerals which operates early-stage exploration joint ventures in the Kingdom of Saudi Arabia and Turkey.

EMED Mining is managed by a well-qualified, multi-cultural team drawn initially from Australia and the Americas and is now mainly comprised of Spanish citizens. The main priority for the short term is to safely and efficiently start copper production at the Rio Tinto Copper Mine once EMED Mining has completed the regulatory approvals, financed the start-up and obtained shareholder approval.

## **SPAIN – RIO TINTO COPPER MINE**

EMED Mining, via its wholly-owned subsidiary EMED Tartessus, owns 100% of the Rio Tinto Copper Mine in Andalucía, Spain. The Company is the owner of the mine, the mineral rights and the processing plant and is complying with all regulatory requirements to be awarded Administrative Standing (or "Titularidad Administrativa") so that the project can proceed.

As detailed in a NI 43-101 Technical Report<sup>1</sup>, key anticipated production parameters for the Rio Tinto Copper Mine are:

- Ramp-up to a 9 million tonne per annum ("tpa") ore throughput over a two-year period;
- Open-pit mine with average waste-to-ore strip ratio of 1.1 to 1;
- Contained copper-in-concentrate averaging ~37,000 tpa (82Mlbs pa);
- Average cash costs of C1 = US\$1.37/lb (cash operating costs ) and C3 = US\$1.57/lb (total costs including operating, capital and closure costs);
- Mine life > 14 years.

The following aspects of the project will require refinement when permitting conditions are finalised and after expansion opportunities are fully assessed and prioritised:

- The extra project costs to be incurred as a result of environmental reviews including the management and restoration of the agreed enlarged land footprint;
- Ore Reserves (Proven and Probable - 123 million tonnes at 0.49% copper, containing 606,000 tonnes of copper) are currently based on a cut-off grade of 0.2% copper which was derived using a copper price of \$2.00/lb (\$4,400/tonne). In due course, this needs re-optimisation in light of the planned drilling within the open pit;
- Mineral Resources (Measured plus Indicated - 203 million tonnes at 0.46% copper, containing 933,000 tonnes of copper) which was derived using a copper price of \$3.00/lb (\$6,600/tonne) for the Cerro Colorado open pit. This needs updating in light of the planned drilling of the open pit and the underground deposits on the property, and
- Drilling can commence on the grant of Administrative Standing.

### **Steps to Restart Copper Production**

The steps to restarting production at the Rio Tinto Copper Mine are briefly summarised as follows:

- Conditional informal approval of outstanding issues including the enlarged restoration plan;
- Administrative Standing and triggering formal procedures for occupation of third party lands which are zoned for mining and now form part of the planned project, particularly from an environmental management and rehabilitation viewpoint;

---

<sup>1</sup> Behre Dolbear International Ltd report entitled "Amended and Restated NI 43-101 Technical Report on Reopening the Rio Tinto Copper Mine, Huelva Province, Spain" dated November 17, 2010, which is available under EMED Mining's corporate profile at [www.sedar.com](http://www.sedar.com).

- Commencement of personnel training programs, letting contracts for upgrades to infrastructure and drilling programs for extending mine life as soon as the timetable is locked-in by having completed the foregoing two steps;
- Finalising arrangements for project financing;
- Formal approval of the final project details;
- Shareholder and financier approvals of the final project details;
- Triggering the restart project execution program, upon receipt of formal land access rights;
- Appointment and induction of the workforce and contractors;
- Construction permits and operating licences to be issued as project execution proceeds and commissioning is carried out;
- Ramp-up of production to the base case rate of processing 9 million tpa of ore and 37,000 tpa copper-in-concentrate; and
- Concurrent assessment of project extension or expansion opportunities, based largely on the results of drilling in the vicinity of the existing open pit and underground mines.

The restart is expected to be straightforward from an operational perspective, with an established infrastructure and processing facility that can be readily restarted, albeit with aspects to be updated to incorporate mining industry improvements that have been developed over the past 20 years.

EMED Mining is conducting project engineering so that commissioning can commence in 2012, subject to the timing of project permitting, formalised access rights to adjoining lands, finance and shareholder approval.

### **Interference by Third Parties**

The Company and its personnel have been subjected to a campaign of interference designed to impede the development of the Rio Tinto Copper mine. These activities appear to have the objective of financial compensation in exchange for desisting from such activity.

The co-owners of sections of the tailings dams, Rumbo 5-Cero SL ("Rumbo"), Construcciones Zeitung SL ("Zeitung), and the former project operator, Minas de Rio Tinto S.A in liquidation ("MRT") since August 2011 have intermittently obstructed the repairs and maintenance at the tailings storage facilities. As a result of the intervention of the police, the Court has issued orders by which the Company continues to carry out all care and maintenance activities on site, in accordance with various resolutions from the Andalusian Government.

MRT has also recently publicized a purported legal claim against parties (not including EMED Mining or its group companies) which we understand has yet to actually be served on the relevant third parties against whom it is directed. This claim has no legal impact on the ownership by EMED Mining of its assets, the project or its timetable, despite publicised comment and innuendo to the contrary by MRT. EMED Mining considers this claim to be another frivolous attempt to confuse the public and expects that it will also be dismissed in due course, as have all other claims by MRT and the other interfering third parties.

During the quarter, the Government advised that EMED Mining should introduce environmental management and restoration programs on all Rio Tinto Copper Mine lands including those that are currently owned by Rumbo and Zeitung (or related companies), neither of which are assuming responsibility for the obligations required of them by the applicable environmental legislation. This was communicated to the Company by the Department of Environment, partly in an attempt to minimize third party interference, but also to ensure that a responsible, comprehensive environmental management approach be applied to the whole project footprint, both ahead of the project restart and during proposed operations. EMED Mining intends to implement a long term environmental management and rehabilitation program that is integrated with the operating and economic aspects of project restart and operations, in accordance with European Union Best

Available Techniques and to start improving the affected lands immediately once it is provided with Administrative Standing and formal land occupancy.

### **Agreement Executed for Additional Mineral Concessions**

The Company has executed an agreement with project vendor and EMED Mining shareholder MRI Holding ("MRI") giving the Company rights to a number of mineral concessions previously held by an MRI subsidiary and adjacent to the Rio Tinto Copper Mine site. The consideration for the mineral concessions was incorporated within the project acquisition agreement in October 2008.

Mineral Resources and Reserves for Rio Tinto currently include only the Cerro Colorado open pit and take no account of:

- previously drilled and unexploited mineralisation at several other mines on the main Rio Tinto Copper Mine property; or
- other historical mines or targets on the surrounding mineral concessions.

The Company perceives that there is potential over the longer term for Rio Tinto Copper Mine to again develop several satellite operations.

## **SLOVAKIA – DETVA GOLD PROJECT**

EMED Mining is advancing its 100%-owned Biely Vrch gold deposit, which contains Indicated Resources of 461,000 ounces (17.7 million tonnes at 0.81g/t gold) and Inferred Resources of 596,000 ounces (24.0 million tonnes at 0.77g/t gold).

A revised Scoping Study completed by AMC Consultants (UK) Ltd in June 2010 confirmed the attractive economics of developing a mine at Biely Vrch based on a gold price of US\$800/ounce (currently ~US\$1,600/ounce).

During 2011, EMED Mining completed two deep drill holes at Biely Vrch to test the potential for economic gold mineralisation at depth. As previously reported both holes (DVE51 and DVE52) were mineralised from surface throughout their length (652m and 783m) and averaged 0.72g/t and 0.84g/t gold, respectively. Both drill holes also intercepted several higher grade zones.

### **Detva Gold Project Permitting**

In parallel with advancing the required permitting studies and approvals for Biely Vrch, EMED Mining is working towards reaching various agreements with local parties directly impacted by the potential development.

The permitting process for Biely Vrch has advanced to the point of being granted Protective Deposit Status over the Biely Vrch gold deposit and the Company has applied for a Mining Lease. In preparation for the subsequent permitting step, EMED Mining and its environmental consultants are preparing the Preliminary Environmental Impact Assessment for Biely Vrch. In addition, a series of community briefings and consultations are being conducted in the local towns and villages, the need for which has been reinforced by recent opposition by anti-mining lobby groups.

Thirty eight state, regional and local regulatory bodies have consented to the Company being granted its Mining Lease Area over Biely Vrch. A no-opposition resolution was also signed by the local Landowners Co-operative in the Mining Lease Area.

### **Nova Bana Gold/Silver Project**

During the quarter, scout drill hole NBVE 1 was abandoned for safety reasons at a depth of 347m without reaching the main mineralisation structures.

## **PORTUGAL - REGUA TUNGSTEN PROJECT (OPTION TO ACQUIRE 100%)**

In September 2010, EMED Mining obtained an exclusive option to acquire the exploration permit covering Regua Tungsten Deposit in Portugal.

The Company allowed its option over Regua to lapse on 31 December 2011. This decision reflects the results of the evaluation conducted during the option period since September 2010.

## **QUALIFIED PERSONS FOR REPORTING OF RESOURCES AND RESERVES**

Information in this report as regards the Rio Tinto Mine that relates to Mineral Resource estimates is based on information compiled by Mr. Pat Stephenson, BSc (Geology) and Mr. Ron Cunneen, BSc (Geology), with Mr. Stephenson taking responsibility for the Mineral Resource estimates and Mr. Cunneen taking responsibility for the data on which the estimates are based.

Mr. Stephenson is Regional Manager, Vancouver and Principal Geologist with AMC Mining Consultants (Canada) Ltd and a full-time employee of that company. He is a Fellow of The Australasian Institute of Mining and Metallurgy.

Mr. Cunneen is Head of Exploration for EMED Mining and a full-time employee of that company. He is a Member of The Australian Institute of Geoscientists.

Information in this report as regards the Rio Tinto Mine that relates to Ore Reserve estimates is based on information compiled by Mr. Andy Robb, BSc (Mining Engineering). Mr. Robb is Principal Mining Consultant with AMC Consultants and a full-time employee of that company. He is a Member of the Australasian Institute of Mining and Metallurgy.

Mr. Stephenson, Mr. Cunneen and Mr. Robb have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as "Competent Persons" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code") and "Qualified Persons" as defined in the "National Instrument 43-101 of the Canadian Securities Administrators" ("NI 43-101") and "CIM Definition Standards For Mineral Resources and Mineral Reserves" of December 2005 as prepared by the CIM Standing Committee on Reserve Definitions of the Canadian Institute of Mining.

Mr. Stephenson, Mr. Cunneen and Mr. Robb consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Information in this report regarding the Rio Tinto Mine that relates to San Dionisio mineralisation is based on information compiled by the on-site geological team and overseen by Mr. Cunneen.

References in this report as regards the Mineral Resources or exploration results and potential in Slovakia, Cyprus or elsewhere have been approved for release by Mr. Ron Cunneen.

## **CAUTIONARY NOTES**

Certain information contained in this report, including any information on EMED Mining's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. EMED Mining cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of EMED Mining to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of EMED Mining, as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form dated 31 March 2011 which has been filed under the Company's corporate profile at [www.sedar.com](http://www.sedar.com).

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell EMED Mining securities.

## CORPORATE DIRECTORY

<b>Directors</b>	<b>Non-Executive Chairman</b> - Ronnie Beevor <b>Managing Director</b> - Harry Anagnostaras-Adams <b>Finance Director</b> - John Leach <b>Non-Executive Directors</b> - Ross Bhappu, Roger Davey, Robert Francis, Ashwath Mehra, Jose Sierra Lopez
<b>Nominated Adviser</b>	RFC Corporate Finance - Stuart Laing (+61 8 9480 2500)
<b>Brokers</b>	Fox-Davies Capital Limited – Simon Leathers (+44 203 463 5022) Fairfax I.S. PLC - Ewan Leggat/Katy Birkin (+44 207 598 5368) Canaccord Genuity – Craig Warren (+1 416 869 7316)
<b>Public Relations</b>	Bishopsgate Communications – Nick Rome (+44 207 562 3366)
<b>Share Registrar</b>	Computershare Investor Services
<b>Issued Capital</b>	858.0 million shares on issue 87.9 million options and warrants on issue 945.8 million shares on issue on a fully-diluted basis
<b>Significant Shareholders (fully diluted)</b>	<ul style="list-style-type: none"><li>&gt; 9% Management and Board</li><li>&gt; 18% Resource Capital Funds (USA)</li><li>&gt; 11% RBC Asset Management (Canada)</li><li>&gt; 7% RMB Australia Holdings Limited (Australia and elsewhere)</li><li>&gt; 3% MRI Group (Switzerland)</li><li>&gt; 3% Standard Life (United Kingdom)</li></ul>

**EMED Mining is listed on AIM (Code: EMED) and the TSX (Code:EMD)**

---

### Enquiries:

**Investors/Media:** Harry Anagnostaras-Adams +357 9945 7843

In North America : Andreas Curkovic +1 416-577-9927

**General:** Cyprus office: +357 2244 2705, Email: [info@emed-mining.com](mailto:info@emed-mining.com)