

Golden Rim to Acquire Advanced Silver-Lead-Zinc-Copper Project in Chile

Summary

- Golden Rim is proposing to acquire all the issued shares in Herencia Resources plc's (**Herencia**) wholly owned subsidiary which holds a 70% interest in the Paguanta Project in northern Chile which hosts significant silver, lead, zinc and copper mineralisation, subject to Conditions (see below) including the execution of legally binding agreements relation to the acquisition.
- The Patricia Prospect hosts Mineral Resources¹ of **4.4Mt at 3.7% zinc, 1.4% lead, 84 g/t silver and 0.2 g/t gold** at 2% zinc cut-off and **0.6Mt at 93 g/t silver and 1.4% lead** at 40 g/t silver cut-off.
- Both resources extend from surface and are amenable to open pit mining.
- High grade silver-lead-zinc has been intercepted at depth at Patricia and there is considerable scope for underground mining.
- More than **40,000m** of drilling, predominantly diamond drilling, has been conducted at Paguanta.
- The majority of a Feasibility Study for Paguanta has been completed.
- Past expenditure on the project is approximately **US\$31.5m** (A\$43m²).
- There is significant exploration upside to define additional silver-lead-zinc resources along strike and at depth at Patricia and potential for porphyry copper systems within the project area.
- Proposed acquisition price of **US\$1.5m** cash and a further **US\$0.8m** worth of Shares, at decision to mine, for a total of **US\$2.3m** (see below). This amount represents **~US\$9 per tonne of contained zinc equivalent**³ which compares very favourably with recent zinc project transactions globally.
- Golden Rim's strong cash balance enables the Company to fully fund the Proposed Transaction (see below) and to commence a substantial work program.

¹ This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

² All references to A\$ have been calculated at the conversion rate of US\$1 = A\$0.73.

³ Zinc equivalent tonnage value calculated using the following prices: US\$0.88/lb zinc, US\$0.81/lb lead and US\$17.8/oz silver

Golden Rim Resources Ltd (ASX: GMR, **Golden Rim, Company**) is pleased to announce that it has entered into an agreement with Herencia under which the parties will negotiate in good faith to enter into formal documentation with respect to a proposed transaction under which the Company will acquire all the issued shares in Herencia's wholly owned subsidiary Paguanta Resources (Chile) SA (**PRC**) (**Formal Agreements**) (**Proposed Transaction**). PRC holds 70% of the shares in Compania Minera Paguanta S.A. (**CMP**) which holds mineral concessions at the Paguanta silver-lead-zinc-copper project in northern Chile.

Golden Rim's Managing Director, Craig Mackay, said *"The Paguanta Project presents as an exciting opportunity for Golden Rim to secure an advanced silver-lead-zinc project located in a favourable jurisdiction, which can be quickly progressed to a decision to mine."*

"The project also exhibits significant upside, with potential to extend the existing resources at depth and to define additional resources along strike from the primary deposit. There is also recognised potential for porphyry copper systems within the project area" said Mr Mackay.

Paguanta is located in the Tarapacá Region of northern Chile, approximately 195km northeast of Iquique and 30km west of the Chile-Bolivia border (Figure 1). Paguanta is situated approximately 40km northeast of BHP Billiton's Cerro Colorado Mine, which has a Mineral Resource of 400Mt @ 0.62% copper for 5.5Blb of copper and annual copper cathode production of approximately 175Mlb.

Paguanta is predominantly owned through a joint venture company, CMP, where Herencia indirectly holds a 70% interest and an unrelated party, Costa Rica Dos SpA, holds the remaining 30% interest. Paguanta is comprised of 14 exploitation concessions covering a total surface area of 3,900ha, and 8 exploration concessions covering a total surface area of 2,100ha. In Chile, an exploitation concession, also known as a mining concession, is granted for an indefinite time period and allows the holder to undertake mining activities on the property. Royalties are payable to the Chilean Government.

At Paguanta, high grade silver was discovered and first worked in the area by a team of miners headed by an Englishman in the 1880's. Together they completed 1,800m of underground development into what is now called the Patricia deposit. The principal development is an adit running 400m in length that intersects three high-grade veins.

The Patricia mine at Paguanta was abandoned in the late 19th century and the area was not subjected to further evaluation outside of regional reconnaissance. Herencia acquired an interest in the Project in late 2005 and are the first modern explorers at Paguanta. Exploration commenced in early 2006. Drilling programs were carried out in 2006, 2007, 2009 and most recently in 2011. Since acquisition, CMP has completed approximately 40,000m of drilling, for total expenditure, including the majority of a feasibility study, of approximately US\$31.5M (A\$43m).

Mineral Resources

Most recently, CMP undertook an infill drilling campaign at the Patricia deposit in 2011, resulting in a JORC (2004) Mineral Resource update in September 2012.

The Mineral Resource estimate for the zinc veins at Patricia (Figure 2) has been classified in the Measured, Indicated and Inferred categories at varying zinc cut-off grades. A summary is provided in Table 1.

Table 1: JORC (2004) Mineral Resource estimate September 2012 - Patricia zinc veins*

Cut-off Grade (Zinc)	Category	Tonnes (in situ) (Mt)	Zinc (%)	Lead (%)	Silver (g/t)	Gold (g/t)
1%	Measured	0.6	5.0	1.8	98	0.2
	Indicated	3.5	3.2	1.1	70	0.2
	Inferred	1.7	2.7	1.0	67	0.2
	Total	5.8	3.2	1.2	72	0.2
2%	Measured	0.5	5.9	2.1	115	0.2
	Indicated	2.6	3.7	1.3	81	0.2
	Inferred	1.3	3.1	1.2	80	0.2
	Total	4.4	3.7	1.4	84	0.2
3%	Measured	0.3	8.1	2.8	153	0.3
	Indicated	1.1	5.6	1.9	116	0.2
	Inferred	0.5	4.2	1.6	127	0.2
	Total	1.8	5.6	2.0	125	0.2
4%	Measured	0.2	8.9	3.1	169	0.3
	Indicated	0.7	6.9	2.2	131	0.3
	Inferred	0.1	6.2	1.8	111	0.4
	Total	1.0	7.3	2.4	137	0.3

* This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

An additional Mineral Resource estimate in September 2012 took into account the high-grade silver veins outside of the previously defined zinc veins. The Mineral Resource estimate for the silver veins at Patricia has been classified in the Indicated and Inferred categories. A summary is provided in Table 2.

Table 2: JORC (2004) Mineral Resource Estimate September 2012 - Patricia silver veins*

Cut-off Grade (Silver)	Category	Tonnes (in situ) (Mt)	Zinc (%)	Lead (%)	Silver (g/t)	Gold (g/t)
40g/t	Measured	-	-	-	-	-
	Indicated	0.1	0.8	0.9	64	0.1
	Inferred	0.4	0.6	1.6	101	0.2
	Total	0.6	0.6	1.4	93	0.2

* This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Feasibility Study

A Feasibility Study on the development of Patricia commenced in late 2012 and a draft Feasibility Study report was delivered to Herencia in 2014.

Mining studies envisaged that both open pit and underground methods would be undertaken, with both methods appearing to be viable. The Feasibility Study adopted an initial production rate for mining and processing of 400,000 tonnes per annum (tpa) and considered an operation that would commence via open pit before progressing into underground in years 3-4 (Figure 3).

Metallurgical test work was conducted on oxide, transition and sulphide samples collected from the outcropping ore, underground development and from diamond drill holes. The primary sulphides were tested at ALS Laboratories in Kamloops, Canada, and the oxide samples were tested at SGS Laboratories in Santiago, Chile.

The sulphide test work suggested that a relatively conventional flowsheet could be utilised to separate the expected mine production into two flotation concentrates consisting of saleable levels of lead and zinc, with excellent levels of silver reporting to the lead concentrate.

The zinc and lead-silver concentrates would be transported by truck to a nearby coastal port for shipping. The port is permitted to ship concentrates.

Baseline environmental data was acquired and a water source sufficient for the planned production was identified.

Exploration Potential

Geologically, Paguanta is located in the western flank of the Andes, in the northern extension of Domeyko Fault Zone, a major lineament that controls the Oligocene Porphyry Copper Belt of Chile. This belt hosts some of the most important world class porphyry copper deposits in Chile, including Salvador, Potrerillos, Escondida, Zaldivar, Gabi, Spence, Chuquicamata, El Abra, Quebrada Blanca and Collahuasi.

The Patricia silver-lead-zinc deposit, located in the south of the Project area, is the best explored area at Paguanta and represents the major economic interest. The mineralisation is hosted in andesite and rhyolite volcanic rocks and consists of silver-lead-zinc sulphides in multiple mineralised vein structures that are typically steep dipping, 3m to 15m in width, and have an east-west orientation. The style of mineralisation within the vein structures includes massive to semi-massive breccia zones and stockwork vein zones.

Paguanta exhibits significant exploration potential, including extensions of the known Patricia mineralisation, along strike and at depth, and potential to host porphyry copper style deposits.

The Patricia East target is a strike extension of the Patricia deposit, with the area of interest extending 1.0km to 1.5km east of Patricia. An IP geophysical survey has outlined a large chargeability anomaly at Patricia East which is increasing significantly in size with depth and suggests there is the potential to extend the size of the Patricia deposit several times (Figure 4). Very limited drilling at Patricia East discovered multiple new zones of high grade mineralisation, e.g. **16m at 209 g/t silver** from 42m in PTRC021 and **7.6m @ 4.3% zinc, 2% lead & 247 g/t silver** from 186m in PTDD049, that require follow-up drilling.

Deeper drilling has intersected continuous zones of high grade silver-lead-zinc mineralisation at Patricia and these zones remain open at depth (Figure 5). There is considerable scope to extend the resource at depth and for underground mining to be considered beneath any open pit. Some of the better deep drilling intercepts include:

- **6.3m at 9.1% zinc, 3.6% lead and 209 g/t silver** from 188.75m in PTDD095, including **1.75m at 16% zinc, 9.7% lead and 544 g/t silver** from 188.75m;
- **5m at 10.2% zinc, 4.2% lead and 244 g/t silver** from 196m in PTDD096, including **1.1m at 17.6% zinc, 6.0% lead and 315 g/t silver** from 198.7m; and
- **6m at 10.4% zinc, 2.9% lead and 150 g/t silver** from 110m in PTDD089, including **2m at 21.0% zinc, 6.3% lead and 337 g/t silver** from 112m.

A new parallel vein was intercepted just to the south of Patricia with an intercept of **6m at 5.9% zinc, 2.6% lead and 144 g/t silver** in a broad 20m wide mineralised zone. Follow-up drilling is required.

Additionally, evidence of porphyry copper mineralisation has been identified at a number of targets across the Project area, including Patricia East, La Rosa, Loreto, Doris and Cumbre (Photograph 1).

Details of the Proposed Transaction

As noted above, Golden Rim and Herencia have agreed to negotiate in good faith to enter into Formal Agreements with respect to the Proposed Transaction. HER holds its interest in PRC through wholly owned subsidiaries, and accordingly the Formal Agreements are likely to be between Golden Rim, the subsidiaries and Herencia.

Under the terms of the Proposed Transaction, subject to Conditions (see below), Golden Rim will acquire Herencia's indirect 70% interest in the Paguanta Project for:

- (a) a cash payment of US\$1.5m (**Cash Payment**); and
- (b) subject to necessary approvals including shareholder approval, Golden Rim agrees to issue US\$800,000 worth of fully paid ordinary shares (Shares) to Herencia at a deemed issue price equal to the 20 day volume weighted average price (VWAP), in the event a decision to mine at the Paguanta Project is made within 5 years from completion of the Proposed Transaction.

In addition, Golden Rim agrees to pay relevant taxes and statutory fees payable by Golden Rim and Herencia in connection with the Proposed Transaction, up to US\$50,000.

The Company notes that Chilean exporters may recover the value added tax (**VAT**) paid with respect to their exports. However, under certain circumstances, exporters may claim VAT credits in advance before exports are completed or the VAT has been incurred. CMP has received such VAT credits in advance of approximately £1.5 million. It is expected that upon export, the VAT credit received will be applied to reduce this advanced VAT credit over time. The Company further notes that if CMP does not carry out the exports as approved, such amounts of VAT credits claimed in advanced must be paid back to the tax authorities.

Golden Rim will immediately pay Herencia US\$120,000 as an initial deposit (**Initial Deposit**) for exclusivity until the earlier of the date Formal Agreements are signed and 28 days from the date of this announcement (unless extended by the parties). A further US\$100,000 is payable upon execution of Formal Agreements (**Further Deposit**) (together the **Deposit**).

The Initial Deposit is not refundable to Golden Rim if the Proposed Transaction is not completed as a result of the Golden Rim Conditions (see below) not being satisfied or waived. The Further Deposit is not refundable to Golden Rim if the Proposed Transaction is not completed as a result of the Golden Rim Conditions (see below) not being satisfied or waived, other than the condition of Golden Rim obtaining all necessary approvals for the Proposed Transaction, including shareholder approvals under the *Corporations Act 2001* (Cth) and/or the Australian Securities Exchange (**ASX**) Listing Rules. At completion, the Deposit shall be deducted from the Cash Payment.

Subject to Formal Agreements being signed, it is intended that completion of the Proposed Transaction will take place within 5 business days after all Conditions (see below) have been satisfied or waived, or on such other date agreed to by the parties but not later than 4 July 2016.

Proposed Transaction Conditions

The Conditions to completion of the Proposed Transaction will be set out in the Formal Agreements. It is proposed that the transaction will be subject to a number of conditions, including the following material conditions:

- (a) Golden Rim completing all commercial, operating, technical, taxation, legal and other due diligence to its satisfaction in its sole and absolute discretion;
 - (b) Golden Rim obtaining all necessary approvals (including shareholder approvals) under the *Corporations Act 2001*(Cth) and/or the ASX Listing Rules for the transaction;
 - (c) the receipt of Golden Rim board approval for the transaction; and
- (conditions (a) to (c) above being the **Golden Rim Conditions**),
- (d) other conditions customary for a transaction of this nature,
- (together, the **Conditions**).

Further New Opportunities

The Company continues to undertake extensive reviews of a number of minerals projects on various continents. Over the past 6 months, the Company has reviewed more than 50 new minerals project opportunities in a number of commodities. It is the Company's intention to acquire an interest in several advanced minerals projects. It is also the Company's intention to deliver value by positioning itself to take advantage of the inevitable market upturn, when it arrives.

In addition, the Company has been offered several interesting opportunities in other business sectors, which it is currently evaluating. The Company has provided a short term loan of A\$150,000 to a third party to secure a period of exclusivity in which to review a potential non-minerals investment. The loan is subject to interest at the rate of 10% per annum and is repayable 9 June 2016, unless otherwise agreed by the parties.

-ENDS-

Competent Persons Statement

The information in this report that relates to previous Mineral Resource estimates, historical Metallurgical test work and historical drilling is based on information compiled by Mr Craig Mackay who is a member of The Australasian Institute of Mining and Metallurgy. Mr Mackay is an employee of Golden Rim Resources Ltd. Mr Mackay 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 Mackay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Golden Rim continues to report exploration results as defined under the 2004 edition of the JORC Code where those results were initially reported prior to the 2012 edition of the JORC Code. Those exploration results have not been reported to comply with the 2012 edition of the JORC Code on the basis that the information has not materially changed since it was initially compiled.

Forward Looking Statements

Certain statements in this document are or maybe “forward-looking statements” and represent Golden Rim’s intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward looking statements necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Golden Rim, and which may cause Golden Rim’s actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Golden Rim does not make any representation or warranty as to the accuracy of such statements or assumptions.

For further information, please contact:

Hayley Butcher
Golden Rim Resources Ltd
Company Secretary
+61 0409 880 009



Figure 1. Location of Paguanta, Chile

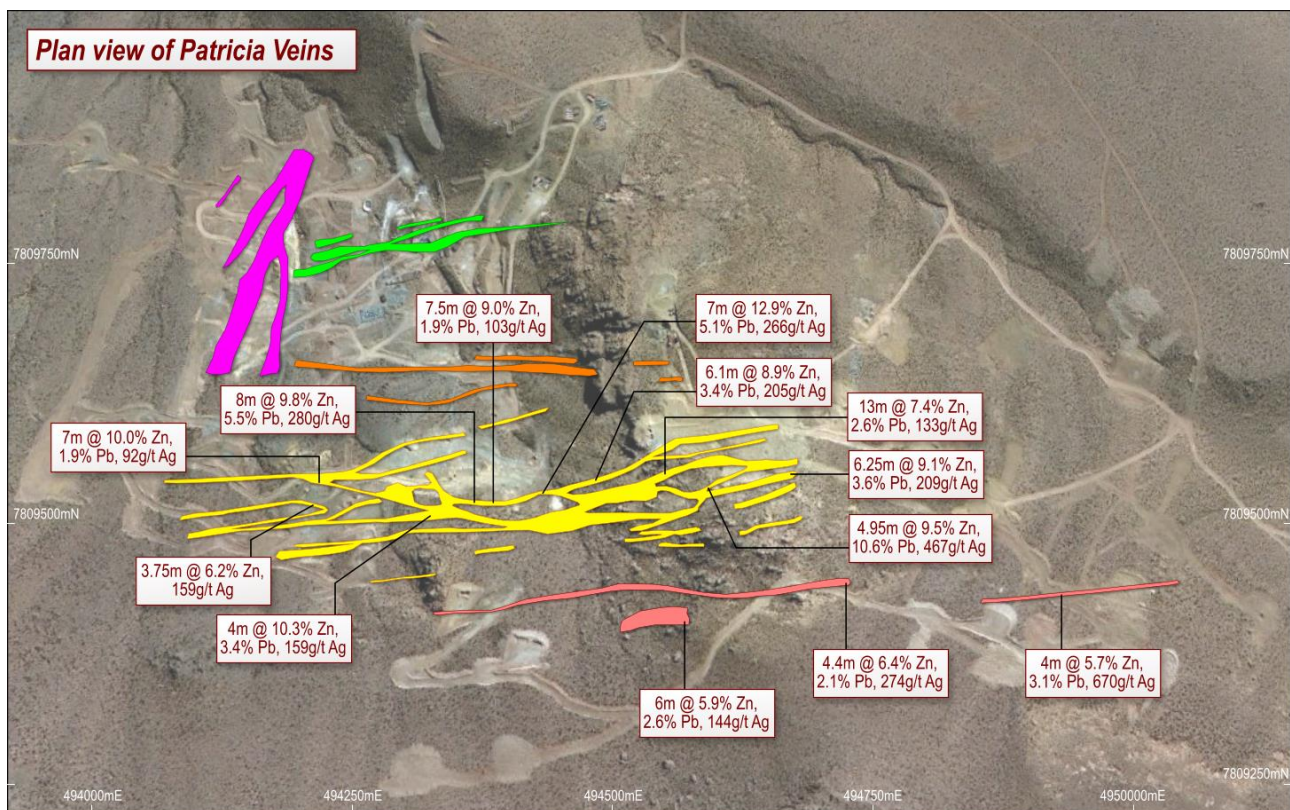


Figure 2. Plan view of the Patricia veins and selected significant drilling intercepts

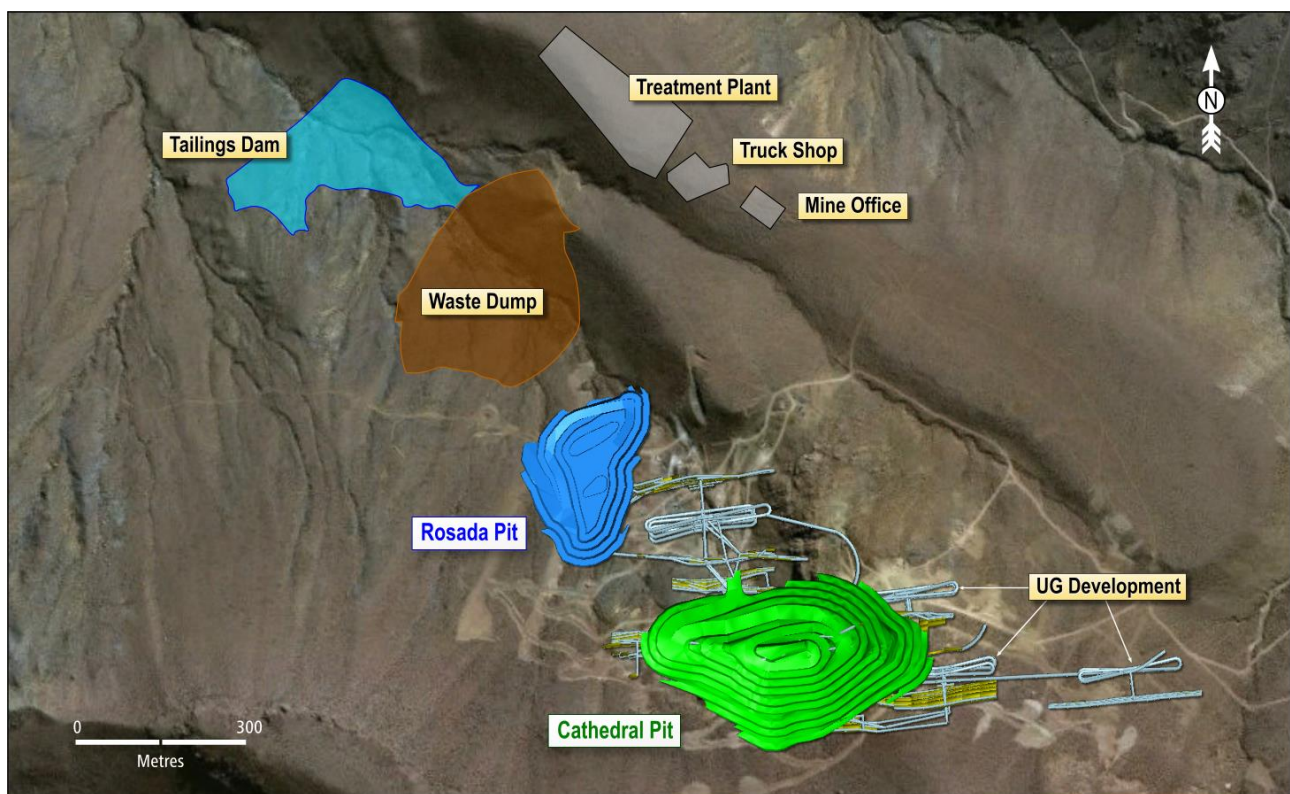


Figure 3. Plan View of proposed mine and infrastructure layout at Patricia.

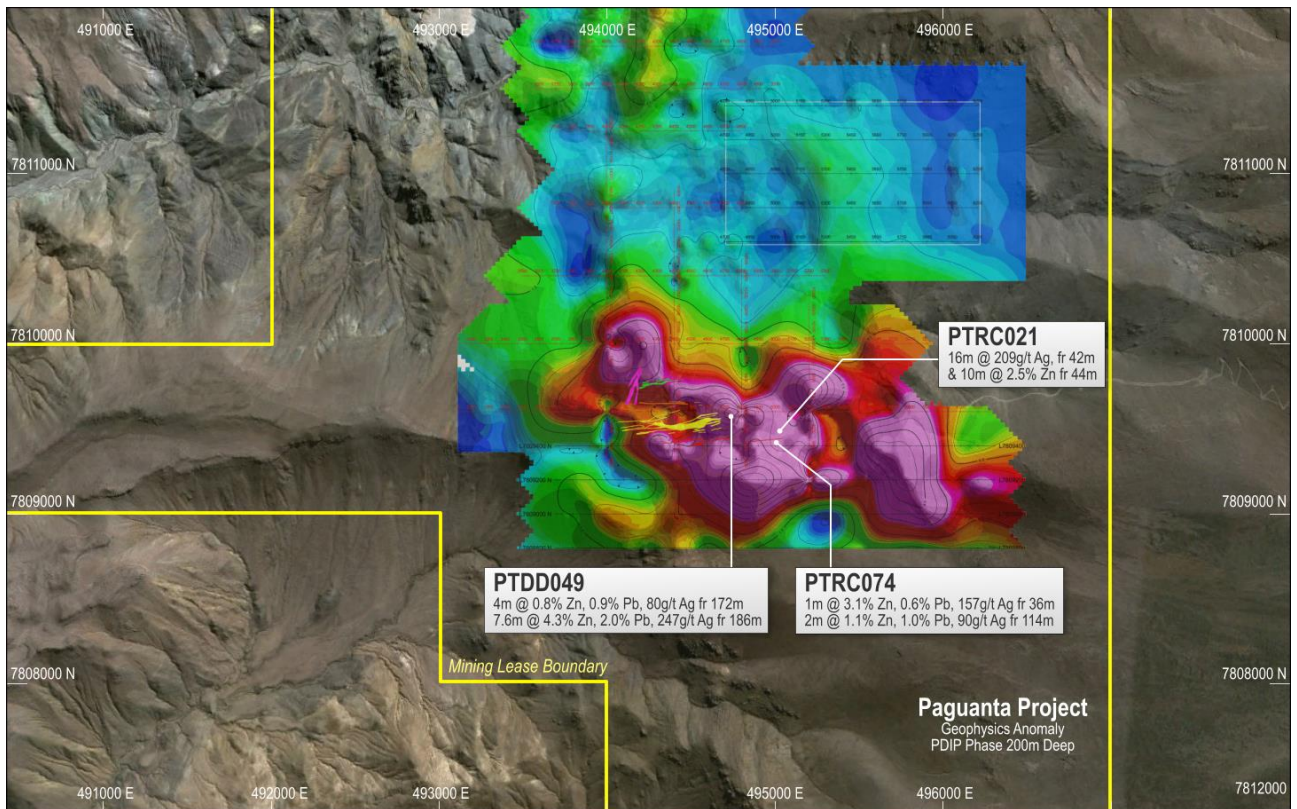


Figure 4. Extensive IP chargeability geophysical anomaly (purple) that largely remains untested by drilling to the east of the Patricia Veins (yellow).

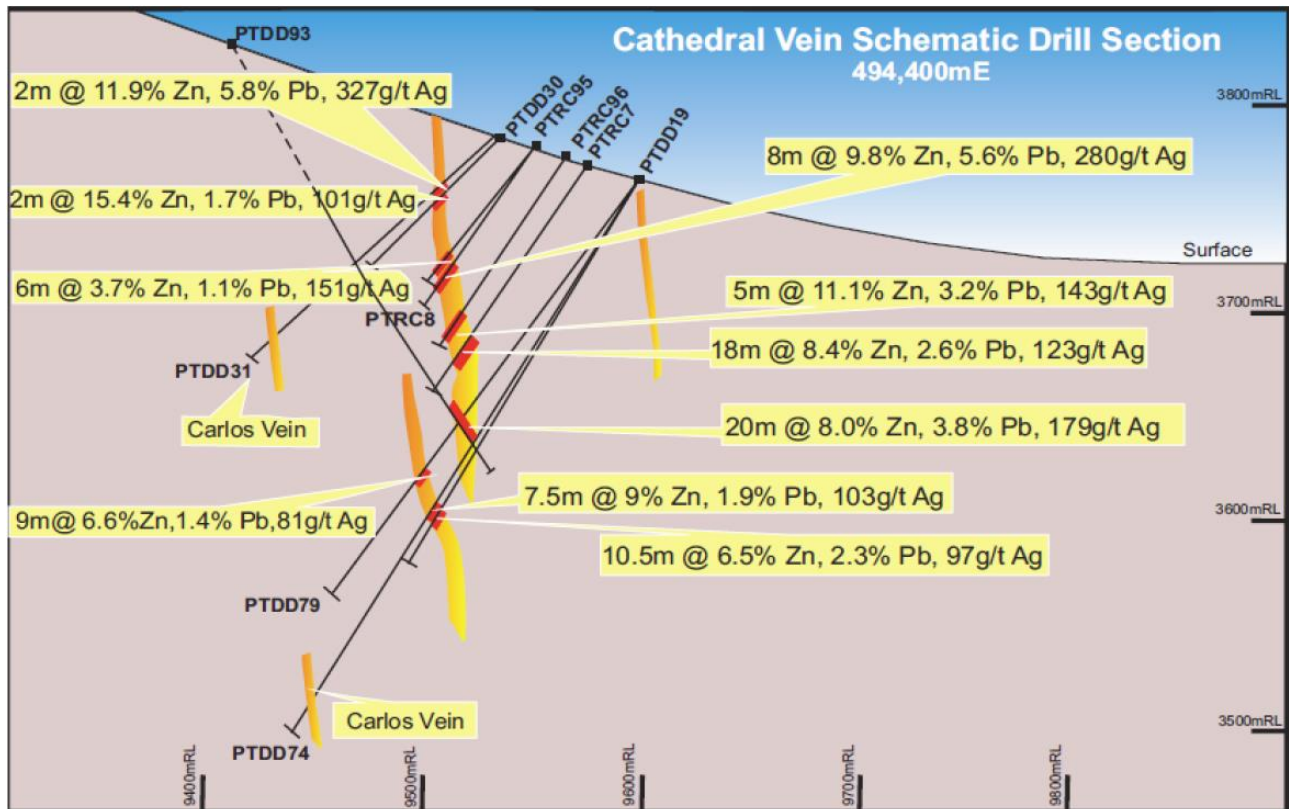


Figure 5. Drilling Cross Section 494,400E at Patricia



Photograph 1. High grade copper (>1%) and silver grades have been obtained at the Doris prospect (just to the north of Patricia) and require follow-up drilling

Further Company Information

E: info@goldenrim.com.au
W: goldenrim.com.au

Capital Structure:
Issued Shares: 1,438,520,000
Unlisted Options: 143,358,400

Share Registry:
Link Market Services Limited
Central Park Level 4
152 St Georges Terrace
Perth WA 6000
Telephone: (+61) 1300 554 474
Fax: 02 9287 0303