

Date: 30 August 2013

Uplift to Attributable Production

Commissioners Gold provides the following update on additional potential production ounces attributable to CGU in upcoming scheduled production from operations in southern Peru.

Plant commissioning is nearing completion after substantial refurbishment works. The Goldsmith plant is comprised of three treatment circuits: two carbon-in-leach circuits (CIL 'A' and CIL 'B') and a flotation circuit. Current efforts are focussed on getting CIL 'A' operational in first instance; CIL 'B' shortly thereafter.

Initial models to feed the plant were based on re-treating mine tailings from Santa Rosa under a 50/50 contract with the current owner of the deposit. Under this model, CGU would be attributed with approximately 1,190-1,360 ounces of gold per annum at a throughput of 7,500 tonnes per month. Effectively CGU has only 12.5% interest in Santa Rosa ore.

Higher than expected haulage costs for Santa Rosa have led to a reassessment of this material for bulk feed to the plant. Feasibility studies are in preparation to conduct on-site concentration, which is now seen as necessary to reduce transport costs and significantly increase the profitability of Santa Rosa treatment.

Newly acquired mining projects, Saulito and Eladium, are now scheduled to replace Santa Rosa as feed to the mill in near term production. Time taken to execute and design a mining operations plan for these projects is one of the main reasons for delays in start up to date.

The upside for CGU is that ore from these two mining projects contain higher gold grades, and more importantly, CGU has a greater equity interest (25%) in produced ore compared to Santa Rosa at 12.5%.

See Table 1 for a comparison of forecast production levels and gold ounces attributable to CGU.

Ore feed (to CIL 'A' & CIL 'B' only)	Forecast monthly throughput (tonnes)	Total forecast gold produced (ounces)	CGUs effective interest	CGU attributable gold produced (ounces)
Santa Rosa tailings re-treatment (now on hold)	7,500	9,520 - 10,880	12.5%	1,190 - 1,360
Saulito and Eladium Mines	2,400	6,960 - 10,440	25%	2,170 - 2,610

Table 1: comparison of gold production attributable to Commissioners (CGU) ¹

¹ CGU does not receive physical gold as its share of production output.

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Production capacity at the plant is presented in Table 2, below, and includes expected gold production output for the total operations and that attributable to CGU.

Treatment circuit	CIL 'A'	CIL 'B'	Flotation	Total
Implementation	Stage 1	Stage 2	Stage 3	
Capacity (tonnes per annum)	9,600	19,200	19,200	48,000
Gold production (ounces p.a.) at the target 8-12g/t Au head grade	2,320 - 3,480	4,640 - 6,960	4,440 - 6,670	11,400 - 17,110
CGU 25% interest (ounces p.a.)	580 - 870	1,160 - 1,740	1,110 - 1,670	2,850 - 4,280

Table 2: forecast production capacity of the plant

Management Team in Peru Strengthened

The Goldsmith Resources (CGU 25%) management team in Peru has been significantly expanded in recent weeks in order to boost capability and management experience in the gold mining business.

Five critical new management positions have been filled to drive the business forward to first gold production. These positions will be responsible for Lead Project, Mining, Mine Geology, Finance and Permitting.

Australian engineering and completion expertise have been added to Peru with a residential Lead Project Manager on secondment from Envirocon (an Australian mine engineering consultancy), who is responsible for overseeing the overall execution of the mining and treatment projects. The Lead Project Manager is supported by a new bilingual assistant.



The Goldsmith management and administration team in Peru

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