

Pacific American Holdings Ltd

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Metals Finance delivers improved economics for Barnes Hill nickel laterite project

Metals Finance (ASX: MFC) has improved the economic and development potential at its Barnes Hill nickel laterite project in Tasmania with a Definitive Feasibility Study update showing an internal rate of return of 47% and doubling of annual throughput to 500,000 tonnes per annum.

The indicated net present value for the project (15% discount rate) is in excess of \$100 million, with a potential capital payback within two years.

While the final study will not be ready until July 2012 and significant further work remains, the update indicates that the projected capital cost of Barnes Hill is \$98 million at the expanded throughput, and that total revenues of more than \$1.1 billion could be generated over its full life.

Financial modelling now indicates a potential operating cost at Barnes Hill of about US\$6.90 per pound of nickel.

The initial study, which was released last August, found that economy of scale would be required for Barnes Hill to achieve a robust return on capital and that the financial outcome could be significantly improved if the project is doubled in size from the originally modelled 250,000 tonnes per annum.

Importantly, sufficient resources have now been defined to sustain a 500,000 tonne per annum operation.

The update was based on a novel approach to the treatment of nickel laterite ores developed for Metal Finance's Lucky Break project in Queensland.

It provides an opportunity for a substantial decrease in operating costs by using Dow Chemical's ion exchange technology to avoid iron removal prior to recovering nickel from leach solutions.

It also offers a significant increase in product value through the production of nickel metal rather than a lower value intermediate product.

Barnes Hill is a joint venture between Metals Finance and **Proto Resources & Investments (ASX: PRW)**, the owner of the tenements.

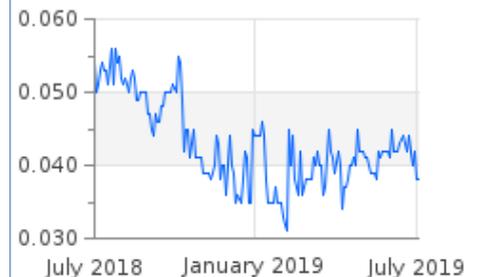
Metals Finance can earn a 50% operating interest by completing flow sheet designs, engineering and feasibility studies and bringing the project into production.

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Price: A\$0.038

Market Cap: A\$6.28M

1 Year Share Price Graph



Share Information

Code: PAK

Listing: ASX

52 week High Low
A\$0.06 A\$0.03

Sector: Mining

Website: www.pamcoal.com

Company Synopsis:

Pacific American Holdings Ltd, formerly Pacific American Coal (ASX:PAK) is listed on the Australian Securities Exchange.

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