
AMAYAPAMPA GOLD PROJECT – BOLIVIA

Bankable Feasibility Study ('BFS')

During the Quarter, the Bankable Feasibility Study ("BFS") for the Amayapampa Gold Project ("Amayapampa" or the "Project") in Bolivia was successfully completed. Figure 1 shows the location of Amayapampa.

Key BFS Outputs included:

- ✓ an estimated ore reserve of 19,900,000 tonnes at 1.3 Au g/t for 817,000 contained ounces is the impetus for planned acceleration of near-mine exploration programme to extend resource base.
- ✓ Preliminary Project pre-tax NPV at US\$925 per ounce is US\$166M, and at US\$1,200 per ounce is US\$340M.
- ✓ Capital required to commence production is US\$136M.
- ✓ Conservative gold price assumption used of US\$925 per ounce.
- ✓ 683,700 ounces to be produced over 7 years.
- ✓ Expected average annual production of 93,700 ounces from 2,737,500 tonnes per annum treatment plant.
- ✓ High measured & indicated resource to ore reserve conversion of 83.5%.
- ✓ Strong cash operating margin and very robust project.
- ✓ Cash operating costs of US\$13.19 per tonne treated, or US\$384 per ounce.
- ✓ Significant upside on operating margin - average metallurgical recoveries of 83.8%.
- ✓ Low cost open pit mining scenario, with low stripping ratio of 3.0 to 1.0 achieved using conservative pit design parameters.
- ✓ All critical permits and licensing secured including Amayapampa Social License.
- ✓ The Company to continue optimising various BFS elements prior to project go-ahead.

Further metallurgical testwork is planned with the aim of improving metallurgical recovery. Some additional testwork is also warranted on the comminution circuit and, if successful, this will lower the capital and operating costs for the crushing and grinding circuit.

There is also scope to reduce the capital cost of the treatment plant and the Company continues to identify local suppliers in Bolivia and other South American countries to do this. The appointment of an EPCM engineer for construction is required, with the likely outcome for this appointment being a joint venture arrangement between an Australian and a Bolivian engineering company.

The Project is operating under its Environmental Licence. With the recent signing of the Social Licence agreement, the Project requires no further licensing or permitting.

Exploration

With the BFS complete, the Project's exploration team will focus on a resource enhancement phase of drilling at the Project. This drilling will seek to both optimise the current mineral resource and explore possible extensions to the ore body with the primary aim of increasing the Ore Reserves.

Three highly prospective areas have been identified to explore for additional resource ounces with the aim of significantly expanding the existing reported ore reserves: -

- (i) Conversion of inferred resources that lie within the current pit design to the indicated resource category. A successful outcome would result in an immediate conversion of those ounces to ore reserves and an increase in the mine life from the existing 7 years. A total of 2,690 metres of RC and DD drilling has been planned for this target.
- (ii) Exploring the highly prospective area immediately north of the open pit. Existing drilling and recent surface trenching suggest that a near surface mineral resource could be quickly established and with minor modifications to the current pit design, this could be encompassed into the ore reserve. A total of 4,610 metres of RC and DD drilling has been planned for this target zone.
- (iii) Exploring the zone below the open pit design for additional resource conversion to ore reserve. In some areas the pit has been optimised to a confidence base rather than an economic base, i.e. the design is bottoming out in zones with inferred resources only that cannot be converted to ore reserve.

By converting these inferred resources to at least the indicated resource category, this will allow the pit to “find” its natural economic base. This will likely add ore reserve ounces and will allow for preliminary investigations of potential underground mineable resources. A total of 2,990 metres of RC and DD drilling has been planned for this target zone.

In addition to optimising the Amayapampa mineral resource, 11 short drillholes have been planned to investigate two nearby prospects. This will be the first drilling outside of the main mineralised zone at Amayapampa by any company. In the area immediately to the south-west of the Amayapampa pit, the Company's geologists have recently re-activated old adits that have historically exploited high grade antimony/gold veins. Following underground and surface sampling and mapping, six drillholes will target this vein system.

Further to the north and along strike of the open pit at Amayapampa, five holes have been planned for the Luko Tin Prospect where old adits have also been recently re-activated. Given the very close proximity of both of these areas to the planned Amayapampa process plant, they may provide viable and valuable sources of plant feed, extending the life of the Project. The immediate area surrounding Amayapampa has a significant number of historic workings of gold, tin, antimony and other metals.

Amayapampa Social Licence Process

On 19 July 2010, the Company announced that it had signed the Amayapampa Social Licence with Authorities from the communities around the Project, a key step for the Company to be able to develop the Project and obtain development finance.

The Social Licence incorporates the following crucial elements for the Company and the Project: -

- The Social Licence will continue to evolve, however it is in place for the life of the Project and for any other future mining activities within the existing mining concessions owned by the Company within the jurisdiction of the Cabildo of Janta Palca and the village of Amayapampa.
- The communities that have signed the Social Licence will allow any land, water or operating schedules (24 hours per day/365 days per year) necessary for the Project.
- The communities have acknowledged the social benefits contributed by the Company to-date.
- The communities will respect the needs of the Company in operating the Project.
- The operation of the Project will be based upon the principles of collaboration, cooperation, coordination, communication, transparency, mutual respect and democracy.
- The communities have acknowledged that the Social Licence has been entered into on the basis of free, prior and informed consent. This is a crucial Equator Principles requirement. The Equator Principles have as signatories all of the world's major resource financing institutions.

The Social Licence incorporates the following crucial elements for the communities: -

- The Project will be operated to world's best environmental practice.
- The Company will allow independent environmental monitoring of the Project through the setting up of a Community Environment Committee and the appointment of environmental monitors from the communities.
- The Company will respect existing community uses and customs.
- The Company will adequately train the workforce, including women in the communities.
- The Company will assist the communities in the formulation of Community Development Plans.
- The Company will negotiate a series of community petitions received from the communities.

The Social Licence process is an ongoing one in Bolivia. The Bolivian Government is currently drafting a new Bolivian Mining Code, which is expected to be completed within the next few months. Part of this code will include maiden provisions for future Social Licences for mining projects. Because there is an absence of any formal social licence legislation, the Company believes that this Social Licence is the first obtained in Bolivia. Once this new Mining Code is in place, the Company will extend the socialisation process of the Project to other communities near the Project. The multi-stage socialisation process designed by the Company - involving communities who have signed the Social Licence first with other communities to follow - has been endorsed by the Minister for Mining and Metallurgy.

New Surface Sampling Programme

The prospectivity in the immediate vicinity of Amayapampa offers exciting potential.

The Company continued its focus on completing the infill trenching program. This work is already revealing a higher grade than was estimated in the initial resource block modelling. Republic has also advanced the training programme for the workforce and other pre-construction works.

Results from two exploratory trenches (Nos 39 and 38) were received and confirmed the Company's belief that the Amayapampa deposit has significant strike potential to the north. The trenches are located 530 metres and 600 metres respectively north of the currently proposed open pit and directly along strike from the mineralised zone within this design pit. One trench produced 5 metres at 22.4 g/t Au, which is consistent with the extensive trenching results already undertaken by the Company within the proposed open pit area. Further resource definition drilling will be undertaken on this extension of the Amayapampa primary deposit.

Further trenching will be done, with two new trenches already designed; one to the south and one to the north. Further to the results in Trench No 38, the mineralisation remains open to the north, where an 82 metre long anomalous zone occurs. The trenching analysis results are supported by preliminary trench mapping.

Financing

During the Quarter, the Company appointed Jennings Capital Inc. of Canada ("**JCI**" or "**Jennings**") as its Canadian mergers & acquisitions and equity financial advisor in connection with a proposed structured and staged project financing of Amayapampa. Following a successful Amayapampa site visit by the President & Chief Executive Officer of Jennings, the investment dealer will work in the Canadian capital markets to facilitate the raising of the remaining equity component of the construction costs to fully fund the Project.

The Company's debt advisor CPM Group of New York recommended to Republic's Board of Directors that it appoint La Paz-based BDP to structure and arrange a securitization bond issue for up to US\$100m for Minera Nueva Vista SA, Republic's Bolivian subsidiary. BDP was formally appointed on 3 September 2010. The Company believes that a bond issue of this size will provide funding for approximately 70+% of total construction costs of the Project and indicative financing terms demonstrate highly competitive interest rates, with no requirement for gold price hedging or political risk insurance.

Jennings Capital Inc.

The President and Chief Executive Officer of Jennings Capital Inc, based in Toronto, accompanied Republic's corporate financial advisors, Carling Capital Partners, on a field trip to Bolivia. A very positive site visit was completed with Jennings and their independent mining consultant and subsequent negotiations with the Company have resulted in Jennings' appointment. Jennings is a leading investment dealer in Canada with offices in Toronto, Calgary & Halifax. The privately held firm provides investment banking services, equity sales & trading and research and private client services and over the past 15 years has completed over CAN\$4B in transactions. Jennings has a strategic alliance with Canada's largest TSX listed financial services group Western Financial Group Inc which has access to over 180,000 clients across Canada. The Investment Banking team at Jennings Capital Inc. has a successful track record of financing and advising both large and small high-growth companies in the resources sector with market penetration into institutional and private clients in Europe, the Americas and Asia.

The Canadian equity capital markets present a valuable opportunity for Republic to tap into buoyant investor appetite for low cost Latin American gold mining projects.

Background on BDP Sociedad de Titularizacion S.A.

The Company also appointed BDP Sociedad de Titularizacion S.A. ("**BDP**"), to structure and arrange up to US\$100m in bond financing in the local capital markets. Bolivian bond market financing is currently being successfully accessed by a range of foreign and domestic mining companies.

BDP is Bolivia's largest securitisation specialist with an approximate market share of 80% for securitization debt financing. It has been in operation since 1996 and is indirectly owned by Corporacion Andino de Fomento and the Republic of Bolivia. Importantly, BDP has completed a number of securitisation term debt financings involving greenfield projects across multiple sectors including the mining industry.

The Company continues to examine other funding opportunities, which may include multi-lateral agencies, equipment fleet financiers and local equity participation.

Funding Strategy and Timing

The Company's funding strategy for the Project has now developed to the point where funding sources, amounts and timeframes are being determined.

- **Short-term funding** – Patersons Securities Limited successfully placed 200m shares on 10 September 2010 to raise \$2m and have underwritten the Share Purchase Plan up to \$4m, raising funds for developing the Project and for working capital purposes.
- **Medium-term funding** – Jennings Capital Inc has been appointed to raise equity of sufficient size to allow the Company to commence construction of the Amayapampa Project.
- **Longer-term funding** – BDP appointed to structure and arrange a Bolivian bond issue to raise up to US\$100m to complete construction and commence gold production. The administrative and regulatory approval process in Bolivia is expected to take approximately six months.

This strategy for funding will minimize the time to production, with long lead items currently being identified for placement of orders upon successful completion of medium-term funding.

Board & Management

The Board of Directors is working actively with senior management in Australia and Bolivia to continue the Company's progress on developing the Project. The Company's Managing Director, Mr John Kelly, is supported by Mr Neb Zurkic, the Company's Technical Director, who is employed full time to continue refining the Amayapampa Bankable Feasibility Study with Republic's Project Manager in Bolivia, Mr Paul Pyke. Ms Maria-Esther Jiton, Republic's President in Bolivia, continues to manage the socialization process and government relations with independent director, Mr Greg Barns providing additional support as required.

Mr Wicks is now acting in the role of Executive Chairman by taking on additional responsibilities and actively engaging in day-to-day management of the Company to provide support to the management team.

The Board intends to seek supplementary directors, as well as additional personnel with relevant mining development experience to take the Company through its next phase of development. The search for mining industry professionals is underway and updates will be provided on any appointments made.

HODGKINSON BASIN (QUEENSLAND) PROJECTS

The Company is reviewing options to farm-out or divest its Australian properties in line with the overall objective to focus on the Amayapampa Gold Project and free-up management and resources to ensure the Company's flagship gold project in Bolivia is brought into production.

The Board considers Hodgkinson Basin to be prospective for gold and anticipates a high level of interest from within the Australian and Queensland mining sector in this asset, as supported by the results of recent work completed at the project.

Figure 2 shows the Company's Hodgkinson Basin tenements. The Company's Resource equity share of the Far North Queensland ("FNQ") projects totals 536,000 ounces of gold and 8,000 tonnes of antimony.

Tregoorra Gold Project (EPM 13937 Republic 100%)

EPM 13937 contains the 100%-owned Tregoorra Project, which the Company believes provides a development opportunity, along with the Northcote Project. The Tregoorra Project lies on the Retina Fault, a major regional fault some 50 kilometres long, plus a number of other prospects to the north along the Retina Fault and to east of the Retina Fault.

Activities at Tregoorra included the collection of 400 geochemical samples at Tregoorra West, Retina South, Red Dam and East Ridge prospects to follow up earlier anomalous sampling.