
Selwyn closes JV with Chihong Zinc and Germanium

Monday, 23 Aug, 2010

Selwyn Resources Limited announced that it has closed the CAD 100 million JV transactions with Chihong Canada Mining Limited, an indirect wholly owned subsidiary of Chihong Zinc & Germanium Company Limited. The details of this Transaction were previously announced on December 14th 2009 and March 2nd 2010.

Pursuant to the Transaction:

1. Selwyn and Chihong incorporated Selwyn Chihong Mining Limited, owned 50/50% by Selwyn and Chihong, to be the operator of the JV.
2. CAD 100 million was deposited by Chihong into a JVCO bank account in Canada. These funds will be used to pay for pre development programs of the Joint Venture. Chihong will earn 1% interest in the Joint Venture for each CAD 2 million of the funds spent.
3. Selwyn has transferred all Selwyn Project claims, equipment, permits and licenses to JVCO to be held by it as trustee for Selwyn and Chihong in accordance with their interests in the JV.
4. CAD 5,078,509 is to be reimbursed to Selwyn as the first tranche of the reimbursement of Selwyn Project expenditures incurred by Selwyn since July 1, 2009. A second reimbursement tranche, expected to be approximately CAD 6 million will be made following a routine audit of eligible expenditures.
5. The JV management committee has approved in principle a pre development program budget totaling CAD 89 million for 2010 and 2011. These expenditures will be directed to advancement of permitting, completion of the Wardrop Engineering Feasibility Study and related engineering and resource definition drilling from both surface and underground.
6. The Transaction agreement provides for Chihong, together with Selwyn, to use all commercially reasonable measures to bring the Selwyn Project into commercial production as soon as possible after the Closing. The Agreement also provides for Chihong's technical assistance to the Selwyn Project for the preparation of a feasibility study sufficient to meet the needs of Chinese banks. These banks will be approached to provide a senior project debt facility for the entire project, with a view to maximizing the portion of debt financing.

Dr Harlan Meade president and CEO of Selwyn said that "The closing of this Transaction, providing major funding and securing a strong joint venture partner, is a major milestone in the advancement of the Selwyn Project towards production. Selwyn is very pleased to have Chihong as our new strategic partner. Chihong is an experienced and accomplished fully integrated zinclead mining and smelting company one that shares our vision of the Selwyn Project becoming major new zinc lead mining operation."

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