

# Crazy Horse Resources Inc. Completes Updated Resource Report

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VANCOUVER, Dec. 19, 2011 - [Crazy Horse Resources Inc.](#) (TSX VENTURE:CZH) ("Crazy Horse" or the "Company") announces that further to its news release of November 14, 2011, it has commissioned a revised scoping study on the benefits and economic performance of a 15 Mtpa mine and process operation for its Taysan Copper Gold Project, Philippines (the "Report").

The Report dated December 16, 2011 and entitled "Revised Preliminary Economic Assessment For A 15 Million Tonne Per Annum Mine" was authored by Barton Metals Pty Ltd. of Australia and presents the results of a revised scoping study for a smaller, more financially robust project.

The scoping study is based on new pit optimizations at a higher copper cutoff grade (0.19% vs 0.10%), as well as a reduced plant size of 15Mtpa (compared to 30 Mtpa). These changes result in a significant increase in profitability, with the internal rate of return of the Project (IRR) increasing by over a third to 29.3%, from the 21.9% shown in the last Preliminary Economic Assessment ("PEA") based on a 30 Mtpa project. The net present value (NPV) at US\$484 million remains highly attractive:

	30Mtpa	15Mtpa
IRR	21.9%	29.3%
NPV @ 10% (US\$ Million)	639	484
Initial Capital Cost (US\$ Million)	869	511

The Company views the new 15Mtpa throughput configuration as the first stage of the Taysan Project with the second stage, to double capacity and output, dependent on future copper prices. It is also anticipated that the staged development will allow the Company to fund any future expansion largely with project cash flow and limit dilution to shareholders.

"This new plan to develop the Taysan deposit through a staged operation starting with a 15Mtpa plant maximizes profitability, as evidenced by the 34% increase in the expected IRR and also makes the project financeable," said Mitch Alland, Chairman and CEO of Crazy Horse Resources Inc. "Taysan is now an exceptional and robust copper project and the pre-feasibility study is now continuing on a much stronger and attractive basis."

## New 15 Mtpa Scoping Study

In the new scoping study, IMC Mining Group, the Company's mining consultant, increased the average copper grade of processed material by selecting a smaller and higher-grade pit to mine; thereby reducing the waste required to be mined and improving the Project's cash flows and profitability. This change decreased the mined copper resource from 750 million tonnes to 250 million tonnes and the mine life from 25 years to 15 years.

The mining fleet equipment is of the same size as that assumed for the 30Mtpa operation, thereby not increasing variable mining costs per tonne. The average in-situ grades for the life of mine (LOM) and initial five years of the 15Mtpa operation are as follows:

Grade	Avg Year 1-5	Avg LOM	Avg LOM Metallurgical recovery
Copper (%)	0.39	0.32	91%
Gold (g/t)	0.16	0.12	60%
Silver (g/t)	1.57	1.15	63%
Magnetite (%)	4.21	3.58	51%

The 30Mtpa PEA assumed two front-end trains of 15Mtpa each. As a result, considerable process design parameters and criteria remain the same in the new study, although the back end of the plant was

reconfigured to suit a 15 Mtpa operation. The planned payable production of copper, gold, silver and magnetite (net of deductions) is as follows:

Production	Avg/Year LOM	Total LOM	Cu Equivalent* (Mlbs)	Cu Equivalent* (tonnes)
Copper (Mlbs)	89	1,338	1,338	606,979
Gold ('000 oz)	27	409	136	61,864
Silver ('000 oz)	181	2,717	24	10,681
Magnetite ('000 t)	273	4,091	136	61,858
Total Copper Equivalent		1,634	741,382	

\* Copper equivalents are calculated on the basis of US\$3.00/lb Cu and 91% Cu metallurgical recovery, US\$1,000/oz. Au and 60% Au recovery, US\$26/oz. Ag and 63% recovery and US\$100/tonne magnetite and 51% magnetite recovery.

The infrastructure requirements, prepared by GHD Australia, are largely based on the work done for the 30Mtpa PEA. The tailings storage facility option selected provides the optimum size and location to minimize capital and operating costs for a 15Mtpa operation. Other infrastructure requirements remain the same, including the port, power distribution, telecommunications and access roads. The water dam, camp, tailings storage facility, haul roads and fuel farm have all been scaled down to suit the lower mine throughput.

The following table summarizes the estimated initial capital expenditure for the 15 Mtpa operation compared to the 30Mtpa PEA:

### Capital Cost Comparison

	30 Mtpa	15 Mtpa
Process Plant (including EPCM)	532.2	294.8
Mining Equipment, Mining Pre-production	186.6	76.2
Infrastructure	122.5	89.2
Owners Costs, Land and Port Acquisition	23.0	45.5
Initial Cash Account Funding	5.0	5.0
TOTAL	869.2	510.7

Operating costs are based on pre-feasibility study work completed for the 30Mtpa operation and have been scaled down in proportion to the reduction in equipment. Consequently, unit variable costs are similar, with the difference mostly arising from the fixed cost elements, including port and administrative costs. The most significant operating cost change stems from the use of available grid power compared to the assumption of building a captive coal fired power station at Batangas for the larger 30Mtpa operation.

The total average cash operating cost per pound of copper equivalent is US\$1.55/lb over the life of the project and averages US\$1.28/lb during the first five years of operations, compared to US\$1.63/lb and US\$1.39, respectively, for the 30Mtpa project. The NPV and IRR at US\$2.50 and US\$4.00/lb copper prices, as well as at the US\$3.00/lb base case, is as shown in the following comparison table:

### Taysan Project - Comparison of Financial Returns

Item	30 Mtpa	15 Mtpa						
Copper Price	\$/lb	\$2.50	\$3.00	\$4.00	\$2.50			
Gold Price	\$/oz	\$850	\$1,000	\$1,400	\$850			
Silver Price	\$/oz	\$24	\$26	\$28	\$24	\$26		
Magnetite Price	\$/tonne	\$80	\$100	\$110	\$80			
Discount Rate	%	10%	10%	10%	10%	10%		
Project NPV	\$M	\$47	\$639	\$1,745	\$132	\$484		
Project IRR	%	10.9%	21.9%	41.0%	15.7%	29.1%		

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is preliminary in nature, and is based partially on inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

## **The Pre-Feasibility Study**

Virtually all of the work that had been previously completed for the pre-feasibility study on a 30 Mtpa operation, including the resource estimate, mining studies and process and infrastructure engineering, is now being used for the pre-feasibility study of the 15Mtpa project. In addition, 49 drill holes that have been completed with encouraging assays results announced on December 16, 2011, will be included in the resource estimate. The updated resource estimate will be used as the basis for the mineral reserve estimate and mining studies for the pre-feasibility study of the new 15Mtpa Project. This will result in a better defined estimate, with the potential to convert some of the Indicated Resource to Measured status and Inferred Resource to Indicated status.

In addition, as part of the pre-feasibility study, further detailed pit optimization studies may result in improved mine life and a further increase in return on investment. Similarly, as in all pre-feasibility studies, additional work being undertaken on metallurgy, including comminution and magnetite recovery test work, as well as on infrastructure options for water supply, tailings storage facilities, camp sites, access roads and power supply, will determine optimum solutions to minimize capital and operating costs and to provide the maximum return to the project. The pre-feasibility study is fully funded and scheduled for completion in March 2012.

## **Qualified Person**

The information in this press release relating to mineral resource estimates and preliminary economic assessment is based on information compiled under the direction of Alistair Barton FAusIMM. CP(Geol.), a consultant geologist holding an Associate Diploma and Fellowship Diploma in Geology with specialist experience in resource evaluation, project development and mining operations in, along others, copper (porphyry) resource projects in a wide range of geological environments. Mr. Barton is a Qualified Person ("QP") as defined in the "Canadian Institute of Mining, Metallurgy and Petroleum, CIM standards on Mineral Resources and Reserves and NI 43-101. Mr. Barton has reviewed this press release and consents to the inclusion in the press release of the matters based on his information in the form and context in which this appears.

For exploration work, Brian Lueck P.Geo, the Chairman of the Board of the Company, is the appointed QP.

## **About the Taysan Copper Gold Project**

The Taysan Copper Gold Project contains a drill defined copper-gold porphyry deposit, and is comprised of two mining exploration permits and three mining exploration permit applications (permits: EP-IVA-005 and EP-IVA-016, and permit applications: EPA-IVI-108, EPA-IVI-111 and EPA-IVA-081) over five contiguous claim blocks covering a combined total area of 11,254 hectares. The Taysan Copper Gold Project hosts a large and only partly explored copper-gold porphyry deposit similar to other copper-gold porphyry deposits previously mined in the Philippines. The Taysan Copper Gold Project is located in southern Luzon, Philippines in a well-developed mining province and readily accessible by road located 20km east of the provincial capital and deep-water commercial port of Batangas City.

## **Glossary**

Ag = Silver  
Au = Gold  
Cu = Copper  
g/t = grams per tonne  
IRR = internal rate of return  
lb = pound(s)  
LOM = life of mine  
Mtpa = million tonnes per annum  
NPV = net present value  
oz = ounce(s)

## **ON BEHALF OF THE BOARD**

Mitchell Alland  
President, CEO and Secretary

*This press release includes "forward-looking statements" including forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Crazy Horse Resources Inc. Statements regarding mineral exploration operations and objectives are subject to risk, including, but are not limited to, exploration and geologic risk, inflation and costs of goods and services, property title issues and regulatory approvals. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. [Crazy Horse Resources Inc.](#) does not assume the obligation to update any forward-looking statement, except as required by applicable law.*

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