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The Manager  
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**MELBOURNE VIC 3000**

- **EXERCISE OF MONGOLIAN COAL EXPLORATION LICENSE OPTION**
- **PROPOSED TIMING OF GENERAL MEETING**
- **FUTURE CAPITAL RAISING**

The Board of Robe Australia Limited (ASX: ROB) (**Robe**) advises that after undertaking further due diligence and further assessment of the Geologist Report in respect to Exploration License Area XV-010643 being the area over which an option agreement (**Option**) was executed by Robe and previously notified to the ASX, the Board of Robe has **resolved to exercise** the Option.

### **Location of Project**

As notified on 30 November 2011, the Tsagaan Gol project (**Project**) is located in the prolific South Gobi Province of Mongolia exploration area, located in the Altai Mountain range in Khaliun soum, Govi-Altai aimag consisting of a granted exploration license covering 2,192.94 hectares. The Project is situated 90 km southwest of the Govi Altai provincial centre of Altai and some 1,100 km to the west of the Mongolian capital, Ulaanbaatar. The nearest population to the Project is the town of Khaliun which lies 15 km to the northeast. The Chinese border town of Burgastay is approximately 300 km to the southwest of the Project.

The Project is situated within the Mongol-Altay Basin of the Western Mongolian coal province. The Mongol-Altay Basin is a northwest trending basin covering a total area of approximately 60,000 km<sup>2</sup> and bound to the west by the Mongol-Altay mountain range and the Valley of the Great Lakes to the east. The coal seams of the Mongol-Altay Basin are characterised by high to low volatile bituminous coal. Moisture contents of coal deposits in the basin range from 1.1 % to 4.7 % and volatile matter content ranges from 14.8 % to 34.4 %. The Mongol – Altay coals have a calorific value ranging from 29.7 to 35.2 megajoules per kilogram (“MJ/kg”) and ash content ranging from 11.6 % to 33.2 %. The maximum vitrinite reflectance ranges from 0.86 % to 3.66 %. Sulphur content is typically low averaging 0.6 % and does not exceed 1 %.

The Project is located adjacent to the Ar Zuun Gol coking coal exploration area, which was being developed by Hunnu Coal Ltd (ASX:HUN) until recently acquired by Banpu Minerals (Singapore) Pte Ltd. Further to the west from Tsagaan Gol, Hunnu Coal Ltd. also owned a large exploration project called Altai Nuurs, acquired from Rio Tinto.

### **Previous Geological assessment**

The initial information of the areas geological setting was obtained when an expedition of the USSR Academy of Science (1926-1949) identified Cambrian, Silurian, Devonian, Carboniferous, Permian, Cretaceous and Cenozoic sediments through fauna and flora relics and differentiated origins and studied the tectonic setting characteristic of the region.

In 1952, regional scale (1:1,000,000) geological mapping and prospecting was conducted targeting petroleum bearing structures within the wide valleys adjacent to the Project area. This work reportedly identified two outcropping coal seams in the southern central part of the current project area. Several trenches were excavated and samples collected for analysis.

1:200,000 scale geological and structural mapping was completed over the Tsagaan Gol area in 1987 under the supervision of A.A Rauzer. A wide range of materials and information regarding the geological setting, tectonics, stratigraphy and mineral resources of the area was determined from the mapping. The occurrence was mapped, trenched, and drilled around this time, with coal samples collected and analysed.

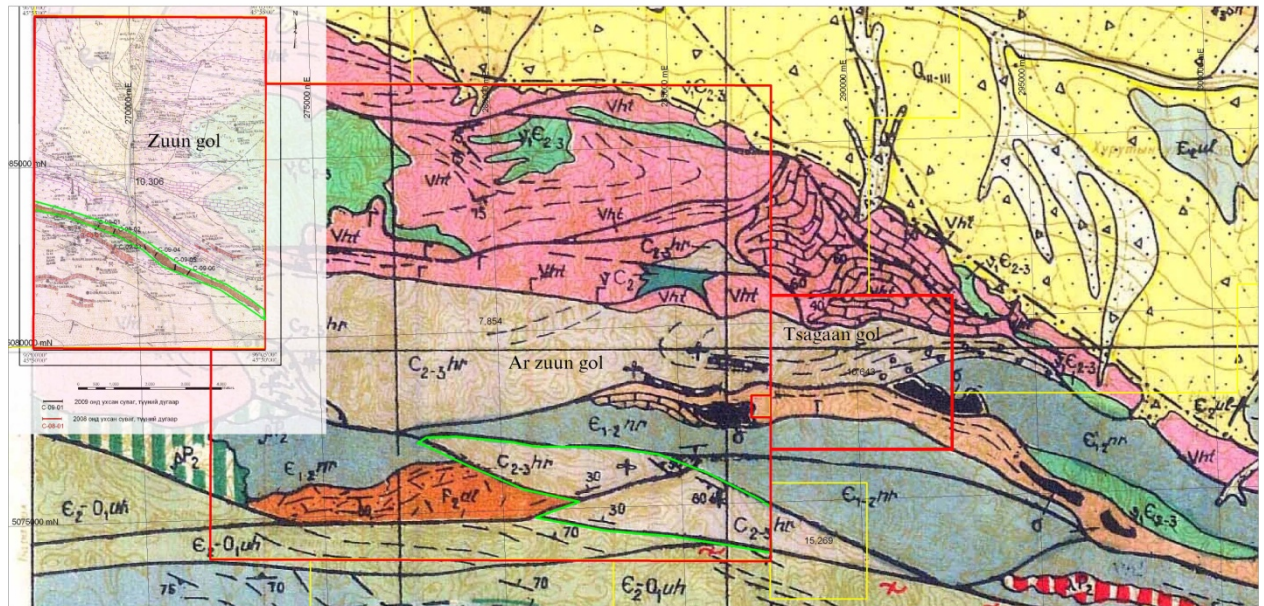
Pursuant to the 1987 mapping:

- the coal bearing strata in the Tsagaan Gol area is reportedly 200 m thick and extends for 7 km along strike from east to west. The western part of the area is covered by 100 m thick sediments. Three coal intervals of 20 m, 8 m and 10 m thickness were identified in one trench. Further exploration and feasibility studies will be required to determine the extent of the occurrence within the Project;
- the coal bearing sediment of Tsagaan Gol continues to extend along the western bank of Ogtorgo River in the southwestern corner of the field, passing through Tsagaan River, moving onward through Zurgaadai ridge along northern side of Zuun River and passes through the Kharzat River source. The total length is over 10km and the width is generally between 600-700m, sometimes reaching 1km. Upper Permian coal seams are exposed in one area within the Project exploration licence.
- the coal bearing sediment, which strikes 270°-295° along the latitude and dips 30°-70° to northeast and north, is distributed within Upper Permian sediment in graben and affected by folding. The sediment is located along the intersection of regional faults that are trending along latitude and northwest.
- numerous coal seams were intersected in trenches and excavated in various locations in the coal bearing sediment area. For instance, up to a 40m thick coal seam trench was excavated on the west side of Ogtorgo River, a 10-15m thick coal seam trench was excavated in Orgon shireg of Zuun River and 4 seams of 1m thickness were intersected respectively. All these occurrences are reported adjacent to the Tsagaan Gol Project to the west.

## Need for further Exploration and assessment

No resources are currently defined within the Tsagaan Gol exploration license. Further exploration and feasibility studies are required to confirm the presence and quality characteristics of the coal; identify and quantify challenges for future exploration and any potential mining operation and to define JORC Code compliant resources.

Zuun gol, Ar zuun gol, Tsagaan gol exploration license's geological map



## Further Mongolian Coal Exploration opportunities

The Board also recognizes the need to expand its' Mongolian coal portfolio and in conjunction with its advisors - Cunningham Peterson Sharbanee Securities Pty Ltd will in due course assess further Mongolian coal exploration opportunities. If any of these are proceeded with, the Company will require further capital to acquire and undertake further exploration activity.

## Exercise of Option

Pursuant to the Option, the Exercise Price in consideration for the sale and the purchase of the tenement as outlined above is:

- the issuance of 100 million shares in Robe (pre-reconstruction); and
- the payment of a further USD 400,000 in addition to the non-refundable option fee of USD 100,000 previously paid.

Settlement is subject to and conditional upon satisfaction of any conditions required by ASX including requirements under Chapters 1 and 2 of the ASX Listing Rules and compliance with ASX Listing Rules.

Settlement is also subject to and conditional upon Robe obtaining all necessary Shareholder and other approvals for the exercise of the Option and the transactions contemplated by the Option A including by not limited to:

- the issuance of the Consideration Shares totaling 100 million shares in Robe; and

- any other approvals as may be reasonably necessary to implement the acquisition of the tenements (as outlined above) pursuant to the Option.

The ASX has indicated that all shares to be issued to the vendor will be subject to escrow and that any shares issued pursuant to a capital raising which takes place prior to the Robe re-complying with Chapters 1 and 2 of the Listing Rules may be subject to escrow.

### **Proposed General Meeting**

As advised on 11 October 2011, the proposed acquisition constitutes a change in the nature of the Company's activities and as such it is required pursuant to Listing Rule 11, that approval is obtained from Shareholders at a General meeting and the Company re-comply with Chapters 1 and 2 of the Listing Rules.

If the transaction is approved by Shareholders, the Company Securities will be suspended from trading following the General Meeting until the requirements of Chapters 1 and 2 of the Listing Rules have been satisfied. The notice of meeting that is sent to Shareholders will contain further information regarding the acquisition and the change of activities.

The Company expects to hold a General Meeting in February 2012 to ratify the acquisition of the Project and such other resolutions as required to re-comply with Chapters 1 and 2 of the Listing Rules.

### **Proposed changes to Robe Board**

As a consequence of the Boards' decision to exercise the Option, the Board will actively engage in identifying suitable additional Board members with specific expertise in the resource sector. This is likely to entail changes to the existing Board structure in due course and include the appointment of exploration and mining industry professionals with appropriate Mongolian and coal mining expertise.

### **Proposed Capital Raising**

The existing Project will require further capital to undertake an environmental impact assessment, scoping studies, hydrogeology studies and other feasibility studies given its very early stage exploration status.

The Company expects to raise up to \$3 million (which may be supplemented if further assets are identified for acquisition) to both meet the requirements of Chapters 1 and 2 of the Listing Rules and to fund further feasibility studies and drilling and will lodge a Prospectus in respect to this raising. Eligible Shareholders will be provided a Priority Offer in respect to the raising and existing Option Holders who will have no inherent right to participate in the Priority Offer will be notified of the raising and given time to exercise their options if they so choose.

The Board of Robe appreciates the support of Shareholders' to date and looks forward to rewarding their patience.

Yours faithfully

Peter Bolitho  
Company Secretary

## **Competent Persons Statement**

The information provided in this announcement that relates to exploration results is based on information provided by Mr M. Bold-Erdene, Chief Geologist, Mine Info LLC who has received the honorarium as the top Geologist in Mongolia and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Bold-Erdene is an independent Consulting Geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Bold-Erdene has over 30 years’ experience in exploration and mining of coal and industrial mineral deposits in Mongolia and proximate regions.