

AusROC Metals Ltd

10 December 2015

ASX Release,
By e-lodgement

AusROC EXECUTES NEW TERM SHEET TO ACQUIRE SHENGLONG INTERNATIONAL INVESTMENT LTD

The Directors of AusROC Metals Ltd (“**ARK**” or “**Company**”) are pleased to announce they have executed a Definitive Term Sheet (“**Term Sheet**”) to acquire 56.67 % of Shenglong International Investment Ltd (“**Shenglong**”) from Mr Zou Delin (“**Vendor**”). The Term Sheet is binding on both parties, subject to satisfaction or waiver of conditions precedent including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Transaction will include a capital raising of at least \$4,000,000 to provide funding for Shenglong and working capital for the Company.

Revised agreement

This term sheet replaces the previous agreements between the company and Shenglong. The terms are as follows;

- Upon the company receiving shareholder approval to the transaction, the payment of US\$1.5 million to the Vendor. At this point of time the Vendor will place a share transfer for 56.67% of the shares in Shenglong in an escrow account to be held in trust for the Company which will be transferred to the company immediately upon satisfaction of all requirements of Chapters 1 & 2 by the company (see indicative timetable below).
- Simultaneously, the Company will place AUD\$ equivalent of US\$19 million of November 2021 corporate bonds into an escrow account to be held in trust for the vendor which will be transferred to the vendor immediately upon satisfaction of all requirements of Chapters 1 & 2 by the Company. The terms of the bonds are set out in more detail below.
- A further payment of US\$0.5 million immediately on satisfaction of satisfaction of all requirements of Chapters 1 & 2 by the Company.
- 30 June 2016, the payment of as further US\$0.5 million.
- 30 September 2016, the payment of a further US\$1 million.
- 31 December 2016, the payment of US\$1 million.
- The interest on the bonds will commence accruing on 1 January 2017. The coupon on the bonds is 11.5% per annum, payable on a quarterly basis (at end of January, April, July and October each year). These bonds are to be redeemed on or before 30 November 2021 for AUD\$ equivalent of US\$19 million.
- The Company will take control of, and be entitled to 90% of the income and responsible for 100% of all costs (Republic of Congo government free carried 10%) from the projects from the date it completes the transaction (which is the

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date immediately upon satisfaction of all requirements of chapters 1 & 2 by the Company), until it redeems the corporate bonds on or before 30 November 2021. At that point the revenue and costs will be on a pro-rata basis.

- The Company has first right to purchase the Vendor's remaining 43.34% of Shenglong.

Total consideration for the 56.67% interest in Shenglong is US\$25.5 million. The company has already paid the vendor US\$2 million and so the remaining US\$23.5 million is made up of cash payments US\$4.5 million to be paid in instalments over 2016 as per above and US\$19 million (in the AUD\$ equivalent) in the issuing to the Vendor the company's corporate bonds.

Although shareholder approval was granted for an earlier transaction on the same asset on 30 November last year, the ASX has deemed that the revised transaction will result in ARK requiring further shareholder approval under Chapter 11 of the ASX Listing Rules for a change in nature and scale of its operations and requires re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The consolidation of the shares of the company was completed after the General meeting of November 2014 and the Company will not be required to complete a further consolidation. It will be required to raise a minimum of \$4,000,000 at \$0.02 per share under prospectus, which was the last price the stock traded at (post consolidation).

Proposed Timetable for Re-compliance

	Date*
Dispatch of Notice of Meeting to approve transaction	15 January 2016
Meeting of Shareholders to Approve Acquisition	15 February 2016
Lodgement of Prospectus with ASX	29 February 2016
Closure of Prospectus	7 April 2016
Satisfaction of all Requirements of Chapters 1 & 2	15 April 2016
Reinstatement to trading on ASX	20 April 2016

* The above dates are indicative only and are subject to change.

An updated capital structure and pro-forma balance sheet will be released to the market with the Notice of Meeting.

Board and Management changes

The Company announces that Directors Peter Landau and Malanga Machel have tendered their resignations as Directors. They will be replaced by Mr Jim Malone, who will act as an Executive Director, and Mr Ben Mead as a Non-Executive Director. Both Messrs Malone and Mead have previously served as Directors of the company. Mr Vinod Sharma will remain as a Director. Mr Simon Whybrow has been appointed Company Secretary; commencing 14 December 2015. The Company would like to thank Messrs Landau and Machel for their contributions to the Company over the past two years.

The Company is in discussions with several highly experienced mining/business personal with significant international resource experience with respect to offering them a position on the Board of the company in the New Year.

The Company also announces that it has changed its registered office to;

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44 Kings Park Road
WEST PERTH WA 6005
Telephone: +61 86263 4430
Facsimile: +61 86263 4444

The Company's new postal address is;

PO Box 780
WEST PERTH 6872

About Shenglong

Shenglong is a company incorporated in the British Virgin Islands, and is engaged in the exploration and exploitation of copper ore and other minerals in the Republic of Congo.

Shenglong wholly owns Societe Lulu De Mine, a company incorporated in the Republic of Congo, which holds a 90% interest in two Polymetallic exploitation permits in the Republic of Congo valid until 2036, named Moubiri ("Moubiri Project") and Mindouli ("Mindouli Project"). The remaining 10% interest in each of the Moubiri and Mindouli Projects is held by the Government of the Republic of Congo.

Apon the completion of the acquisition of the 56.67% of Shenglong, AusROC will control 51% of the total project, the vendor of Shenglong, Mr Zou Delin will control 39% and the Government of the Republic of Congo will control the remaining 10%

Shenglong Projects

The Shenglong owned projects are located in the south of the Republic of Congo, 150km west of the capital Brazzaville and 400km NE from the major sea port Pointe-Noire. The project consists of exploitation permits M'Passa-Moubiri 2011-471 and Mindouli 2011-472, which have a total area of 372km². The Project is held for 90% by Shenglong through its wholly-owned subsidiary Societe Lulu De Mine. The remaining 10% is held by the Congolese government.

The Projects are located in the Neoproterozoic to Palaeozoic Niari Basin of the southern Congo. The Project sits on an NE-trending anticline (named the Mindouli Anticline in this report) in the southern part of the Niari Basin. The core of the anticline is Neoproterozoic schist-limestone (Shisto-Calcaire Series) which is overlain by Palaeozoic schist-sandstone (Schisto-Gréseux System). The boundary between the

two is an unconformity that is generally faulted in an E-W direction (e.g. Buffett et al., 1987). The mineralisation on the project sits at this boundary, usually within the limestone, and is fault-controlled by major NE-striking faults.

There are seven prospects on the project which can be summarised as follows:

1. **Moubiri.** *Current Direct Shipping Ore (DSO) mining operation. Copper-lead-zinc mineralisation at and around the faulted contact between limestone and sandstone.*
2. **Mindouli.** *Historical copper mine. Fault-hosted mineralisation at the contact between sandstone and limestone.*
3. **M'passa.** *Historical lead-zinc and minor copper mine. Limestone-hosted mineralisation within a wedge formed by faults.*
4. **Mimbodi.** *Historical lead-zinc mine.*
5. **Tchicoomba.** *Exploration prospect on faulted sandstone-limestone contact.*
6. **Makaka.** *Exploration prospect in the limestone group.*
7. **Diangala.** *Exploration prospect on a fault zone in the sandstone group.*

For further information on the project, see the company's previous announcements on the projects commencing with the announcement of 5 September 2014 and continuing throughout this date and 2014 and 2015.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Malone', with a long horizontal flourish extending to the right.

Jim Malone
CEO/Company Secretary