



## **MGT RESOURCES LIMITED ANNOUNCES URANIUM STRATEGY AND ISSUES \$2M OF CONVERTING NOTES TO AUSKONG INTERNATIONAL MINING INVESTMENT CO., LIMITED**

MGT Resources Limited (ASX:MGS) ('MGT' or 'the Company') is pleased to announce that, working with its key investment partners, it will in future pursue a strategy of investment in uranium mining assets, as well as seeking to maximise value from its existing tin and gold assets.

MGT believes that the uranium mining industry offers particularly unique investment opportunities at present. The industry can be expected over time to deliver significant value to investors as the global civil nuclear power industry grows rapidly in the coming decades. This is notably the case in China where our strategic investment partners have sophisticated insight into the development of the power market.

In pursuit of this strategy, on 24<sup>th</sup> March 2016, MGT entered into an agreement with our key investment partner, Auskong International Mining Investment Co., Limited ('Auskong'), to provide funding for our first acquisition.

Under this agreement, MGT has issued to Auskong one unsecured converting note (Note) with the aggregate face value of \$2,000,000, subject to shareholder and regulatory approval.

In the event that shareholder approval is obtained, the Note will convert into MGT fully paid ordinary shares at \$0.033 per MGT share, namely 60,606,061 MGT shares. The Conversion Date will be the date that Shareholder Approval is obtained, being on or around 23<sup>rd</sup> June 2016.

The \$2,000,000 invested in MGT by Auskong is proposed to be used to purchase approximately 16,949,176 fully paid ordinary shares in Cauldron Energy Limited (ASX: CXU) for \$2,000,000 (CXU Share Placement) by MGT.

Cauldron Energy holds uranium assets.

The CXU Share Placement represents approximately 5.89% of Cauldron Energy's issued capital on a post-transaction, fully diluted basis.

The issue of the Note and the conditional allotment to Auskong of the ordinary shares in MGT upon conversion of the Note, was authorised by resolution of the board of directors of MGT.

ASX Listing Rule 7.1, 10.1 and item 7 of section 611 of the *Corporations Act 2001* (Cth) requires shareholder approval before this can occur. Given MGT is unable to obtain shareholder approval prior to the settlement date for the CXU Share Placement on 24 March 2016, MGT applied for and received a waiver from the ASX in relation to ASX Listing Rule 10.1. (Attachment 1)

A notice of meeting will be circulated to shareholders in due course and a general meeting to approve the above is expected to take place on or around 23<sup>rd</sup> June 2016.

## **ASX Release**

24 March 2016

### **ASX CODE**

MGS

### **REGISTRY**

Computershare

### **SHARES ON ISSUE**

342,157,040

Tin Price US\$17,434/t

Gold Price: US\$1,224/oz

# **MGT**

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## ATTACHMENT 1: ASX WAIVER

### DECISION

1. *Based solely on the information provided, ASX Limited ("ASX") grants MGT Resources Limited ("the Company") a waiver from listing rule 10.1 to the extent necessary to permit the Company to issue a converting note with limited recourse to the Company's shares in Cauldron Energy Limited ("Cauldron Energy") to Auskong International Mining Investment Co. Limited ("Auskong") under which Auskong may provide to the Company up to \$2,000,000 ("Converting Note"), without obtaining shareholder approval on the following conditions.*
  - 1.1. *The Converting Note includes a term that if an event of default occurs and Auskong exercises its rights under the Converting Note, neither Auskong nor any of its associates can acquire any legal or beneficial interest in an asset of the Company or the subsidiaries in full or part satisfaction of the Company's obligations under the Converting Note, or otherwise deal with the assets of the Company or the subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by Auskong exercising its power of sale under the Converting Note and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Auskong in accordance with its legal entitlements.*
  - 1.2. *A summary of the material terms of the Converting Note is made in each annual report of the Company while the Converting Note remains on issue.*
  - 1.3. *Any variation to the terms of the Converting Note which is:*
    - 1.3.1. *not a minor change; or*
    - 1.3.2. *inconsistent with the terms of the waiver,**must be subject to shareholder approval.*